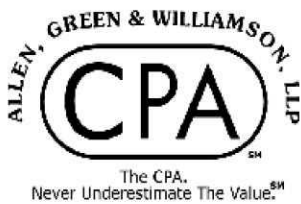


**Rays of Sonshine
Monroe, Louisiana**

**Audited Financial Statements
As of and For the Years Ended December 31, 2019 and 2018**

**Rays of Sunshine
Table of Contents**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	5-6
FINANCIAL STATEMENTS	7
Statements of Financial Position	9
Statements of Activities	10-11
Statements of Functional Expenses	12-15
Statements of Cash Flows	16
Notes to the Financial Statements	
Index	17
Notes	18-27
SUPPLEMENTARY INFORMATION	28
Schedule of Compensation, Benefits and Other Payments to Agency Head	29
OTHER REPORTS REQUIRED BY <u>GOVERNMENT AUDITING STANDARDS</u> AND BY UNIFORM GUIDANCE	
Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>	30-31
Report on Compliance for Each Major Program; and Report on Internal Control Over Compliance; Required by the Uniform Guidance	32-33
Schedule of Expenditures of Federal Awards	34
Notes to the Schedule of Expenditures of Federal Awards	35
Schedule of Findings and Questioned Costs	36-37
OTHER INFORMATION	
Corrective Action Plan for Current Year Findings and Questioned Costs	38-39



ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 6075

Monroe, LA 71211-6075

2441 Tower Drive
Monroe, LA 71201

Telephone: (318) 388-4422

Fax: (318) 388-4664

Toll-free: (888) 741-0205

Partners: Tim Green, CPA
Amy Tynes, CPA, CFE
Aimee Buchanan, CPA
Principal: Cindy Thomason, CPA

Jennie Henry, CPA, CFE
Crystal Patterson, CPA
Mallory Stone, CPA
Audit Manager: Margie Williamson, CPA

Ernest L. Allen, CPA
(Retired) 1961 - 2000

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management of
Rays of Sonshine
Monroe, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Rays of Sonshine (a nonprofit Corporation) which comprise the statements of financial position as of and for the years ended December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rays of Sonshine, as of December 31, 2019, and the respective changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of Rays of Sonshine for the year ended December 31, 2018, were audited by another auditor, who expressed an unmodified opinion on those statements on June 26, 2019.

Other Information

Our audits were 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 the Agency Head, required by the Louisiana Legislative Auditor, and the Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic 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 November 9, 2020 on our consideration of Rays of Sonshine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Rays of Sonshine's internal control over financial reporting and compliance.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP
Monroe, Louisiana
November 9, 2020

FINANCIAL STATEMENTS

Rays of Sunshine

This page intentionally left blank.

RAYS OF SONSHINE

**Statements of Financial Position
December 31, 2019 and 2018**

	2019	2018
Assets		
Cash	\$ 98,549	\$ 128,122
Accounts Receivable		
Federal	-	9,466
Services	81,809	10,659
United Way	12,457	13,368
Foundation For Louisiana	-	20,000
Other	11,651	14,739
Prepaid Expenses	7,898	41,096
Land, Building and Equipment	2,654,836	2,782,988
Deposits	8,533	8,533
Total Assets	2,875,733	3,028,971
Liabilities and Net Assets		
Liabilities		
Accounts Payable	35,775	45,262
Deferred Revenue	-	32
Accrued Payroll and Payroll Taxes	22,950	16,407
Rental Deposits	9,238	10,400
Received from Residents	18,671	11,881
Notes Payable - Note 4 and Note 5	1,484,061	1,577,971
Total Liabilities	1,570,695	1,661,953
Net Assets - Note 2 (I)		
Net Assets Without Donor Restrictions	1,267,395	1,350,701
Net Assets With Donor Restrictions	37,643	16,317
Total Net Assets	1,305,038	1,367,018
Total Liabilities and Net Assets	\$ 2,875,733	\$ 3,028,971

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

RAYS OF SONSHINE

Statements of Activities
For the Years Ended December 31, 2019 and 2018

	2019		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue			
<i>Federal</i>			
Supportive Housing Program - Note 6	\$ 301,954	\$ -	\$ 301,954
Emergency Food Assistance Program - Noncash - Note 6	212,754	-	212,754
EFSP Grant Revenue	-	5,000	5,000
Federal - Payments for Services - Note 6			
Block Grant	312,039	-	312,039
Emergency Food Assistance Program - Nonfederal - Note 6	136,640	-	136,640
Contributions	119,683	5,000	124,683
United Way Allocation	125	19,914	20,039
Program Service Fees	194,127	-	194,127
Charitable Gaming	210,807	-	210,807
Rental Revenue	98,675	-	98,675
Forgiveness of Debt	74,231	-	74,231
Other Revenue	66,775	-	66,775
Total	1,727,810	29,914	1,757,724
<i>Net Assets Released from Restriction:</i>			
Satisfaction of Purpose Restrictions	8,588	(8,588)	-
Total Support and Revenue	1,736,398	21,326	1,757,724
Expenses			
Program Services			
Manna Pantry	395,418	-	395,418
R.E.A.P.	127,353	-	127,353
Women's Residence	220,579	-	220,579
The Kitchen	7,218	-	7,218
Sonshine Community of Hope	138,831	-	138,831
Supportive Housing	22,797	-	22,797
The Yellow House	117,468	-	117,468
Breard Apartments (HUD)	210,868	-	210,868
Mothers With Children	241,552	-	241,552
Atkins Quarters	2,096	-	2,096
Sonshine House II	49,136	-	49,136
Clinic Apartments	2,235	-	2,235
Community of Hope II	4,009	-	4,009
Sonshine Rental Assistance - HUD 3 (2HS)	81,825	-	81,825
Total Program Services	1,621,385	-	1,621,385
Support Services			
Charitable Gaming	171,793	-	171,793
Management and General	26,526	-	26,526
Total Support Services	198,319	-	198,319
Total Expenses	1,819,704	-	1,819,704
Change in Net Assets	(83,306)	21,326	(61,980)
Net Assets at Beginning of Year	1,350,701	16,317	1,367,018
Net Assets at End of Year	\$ 1,267,395	\$ 37,643	\$ 1,305,038

(continued)

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

RAYS OF SONSHINE

**Statements of Activities
For the Years Ended December 31, 2019 and 2018**

	2018		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue			
Federal			
Supportive Housing Program - Note 6	\$ 258,739	\$ -	\$ 258,739
Emergency Food Assistance Program - Noncash - Note 6	84,837	-	84,837
EFSP Grant Revenue	6,685	-	6,685
Federal - Payments for Services - Note 6			
Block Grant	163,015	-	163,015
Emergency Food Assistance Program - Nonfederal - Note 6	265,684	-	265,684
Contributions	98,118	-	98,118
United Way Allocation	24,229	10,026	34,255
Program Service Fees	329,034	-	329,034
Charitable Gaming	133,560	-	133,560
Rental Revenue	112,380	-	112,380
Forgiveness of Debt	74,259	-	74,259
Other Revenue	82,796	-	82,796
Total	<u>1,633,336</u>	<u>10,026</u>	<u>1,643,362</u>
<i>Net Assets Released from Restriction:</i>			
Satisfaction of Purpose Restrictions	20,099	(20,099)	-
Total Support and Revenue	<u>1,653,435</u>	<u>(10,073)</u>	<u>1,643,362</u>
Expenses			
Program Services			
Manna Pantry	409,089	-	409,089
R.E.A.P.	115,250	-	115,250
Women's Residence	196,246	-	196,246
The Kitchen	22,035	-	22,035
Sonshine Community of Hope	152,267	-	152,267
Supportive Housing	4,324	-	4,324
The Yellow House	104,007	-	104,007
Breard Apartments (HUD)	203,727	-	203,727
Mothers With Children	247,407	-	247,407
Atkins Quarters	2,756	-	2,756
Sonshine House II	51,248	-	51,248
Clinic Apartments	2,206	-	2,206
Sonshine Rental Assistance - HUD 3 (2HS)	67,567	-	67,567
Total Program Services	<u>1,578,129</u>	<u>-</u>	<u>1,578,129</u>
Support Services			
Charitable Gaming	136,070	-	136,070
Management and General	49,499	-	49,499
Total Support Services	<u>185,569</u>	<u>-</u>	<u>185,569</u>
Total Expenses	<u>1,763,698</u>	<u>-</u>	<u>1,763,698</u>
Change in Net Assets	(110,263)	(10,073)	(120,336)
Net Assets at Beginning of Year	<u>1,460,964</u>	<u>26,390</u>	<u>1,487,354</u>
Net Assets at End of Year	<u>\$ 1,350,701</u>	<u>\$ 16,317</u>	<u>\$ 1,367,018</u>

(concluded)

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

RAYS OF SONSHINE

Statements of Functional Expenses

For the Years Ended December 31, 2019 and 2018

2019									
Program Services									
	Manna Pantry	R.E.A.P	Women's Residence	The Kitchen	Sonshine Community of Hope	Supportive Housing	The Yellow House	Breard Apartments (HUD)	Mothers With Children
Alarm System	\$ -	\$ -	\$ 1,410	\$ -	\$ -	\$ 996	\$ 893	\$ 1,080	\$ 1,482
Automobile	423	5,580	5,166	-	509	-	4,149	4,724	5,152
Bad Debts	-	-	-	-	948	-	-	-	-
Bank Service Charge	-	389	-	-	49	-	-	168	-
Contract Services	-	7,558	-	-	-	-	-	-	-
Depreciation and Amortization	12,213	431	1,045	-	63,172	7	28	22,622	8,214
Dues and Subscriptions	-	1,956	150	-	41	-	16	16	344
Equipment (<\$1,000)	-	-	216	-	-	-	928	216	216
Fundraising Fees	-	-	-	-	-	-	-	-	-
Insurance	4,621	2,494	14,328	-	10,383	2,201	5,337	11,173	14,101
Interest Expense	-	990	10,289	-	1,511	-	10,289	10,289	10,289
Licenses and Permits	-	605	1,157	-	-	-	225	225	698
Meals	-	151	-	-	-	-	-	-	-
Miscellaneous	-	1,310	167	-	-	-	-	-	187
Printing	-	-	93	-	-	-	-	-	93
Postage	-	36	294	-	-	-	12	29	536
Professional Fees	-	1,420	932	-	320	-	968	10,985	968
Program Expense	-	5,603	2,930	-	3,543	-	1,942	3,682	3,014
Repairs and Maintenance	4,733	23,270	11,707	-	37,829	2,937	4,754	16,817	9,643
Rent	-	-	-	-	-	-	-	-	-
Salaries and Benefits	11,280	48,303	111,654	-	16,977	12,241	73,766	99,790	125,682
Security Deposit	-	-	-	-	-	-	-	-	-
Software Services	-	464	589	-	-	-	202	202	669
Supplies - Food	349,394	2,167	19,969	7,218	-	-	44	2,158	20,557
Supplies	1,134	17,836	7,668	-	-	1,691	1,069	2,370	4,916
Taxes	904	4,594	8,952	-	1,362	982	5,914	8,001	10,077
Telephone	-	286	5,632	-	-	-	1,119	1,341	7,159
Training	-	20	21	-	-	-	21	33	-
Travel and Entertainment	-	763	-	-	-	-	-	-	-
Utilities	10,716	1,127	16,210	-	2,187	1,742	5,792	14,947	17,555
Total Expenses	\$ 395,418	\$ 127,353	\$ 220,579	\$ 7,218	\$ 138,831	\$ 22,797	\$ 117,468	\$ 210,868	\$ 241,552

(continued)

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

RAYS OF SONSHINE

Statements of Functional Expenses

For the Years Ended December 31, 2019 and 2018

	2019								
	Program Services					Supporting Services			Total
	Atkins Quarters	Sonshine House II	Clinic Apartments	Community of Hope II	Sonshine Rental Assistance HUD 3 (ZHS)	Total Program Services	Charitable Gaming	Management and General	
Alarm System	\$ -	\$ 720	\$ -	\$ -	\$ 86	\$ 6,667	\$ -	\$ -	\$ 6,667
Automobile	-	-	-	-	2,843	28,546	-	-	28,546
Bad Debts	-	-	-	-	-	948	-	-	948
Bank Service Charge	-	179	-	-	-	785	42	1,336	2,163
Contract Services	-	-	-	-	-	7,558	1,945	-	9,503
Depreciation and Amortization	-	18,969	-	-	-	126,701	-	8,324	135,025
Dues and Subscriptions	-	-	-	-	266	2,789	-	44	2,833
Equipment (<\$1,000)	-	-	-	-	-	1,576	-	56	1,632
Fundraising Fees	-	-	-	-	-	-	-	5,031	5,031
Insurance	-	2,490	-	-	7,527	74,655	379	-	75,034
Interest Expense	-	-	-	-	-	43,657	-	10,289	53,946
Licenses and Permits	-	-	-	-	20	2,930	-	-	2,930
Meals	-	-	-	-	-	151	-	-	151
Miscellaneous	-	-	-	-	294	1,958	-	37	1,995
Printing	-	-	-	-	185	371	-	73	444
Postage	-	-	-	-	599	1,506	13	120	1,639
Professional Fees	-	500	-	3,293	8,024	27,410	3,927	-	31,337
Program Expense	-	30	-	-	5,474	26,218	673	-	26,891
Repairs and Maintenance	-	8,137	166	425	3,902	124,320	-	1,166	125,486
Rent	-	-	-	-	-	-	63,094	-	63,094
Salaries and Benefits	-	5,786	-	136	33,337	538,952	14,494	-	553,446
Software Services	-	-	-	-	776	2,902	-	-	2,902
Supplies - Food	-	-	-	-	-	401,507	-	-	401,507
Supplies	2,096	97	-	144	8,132	47,153	86,064	-	133,217
Taxes	-	464	-	11	2,673	43,934	1,162	-	45,096
Telephone	-	-	-	-	3,327	18,864	-	-	18,864
Training	-	-	-	-	-	95	-	50	145
Travel and Entertainment	-	-	-	-	-	763	-	-	763
Utilities	-	11,764	2,069	-	4,360	88,469	-	-	88,469
Total Expenses	\$ 2,096	\$ 49,136	\$ 2,235	\$ 4,009	\$ 81,825	\$ 1,621,385	\$ 171,793	\$ 26,526	\$ 1,819,704

(continued)

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

RAYS OF SONSHINE

Statements of Functional Expenses

For the Years Ended December 31, 2019 and 2018

2018									
Program Services									
	Manna Pantry	R.E.A.P	Women's Residence	The Kitchen	Sonshine Community of Hope	Supportive Housing	The Yellow House	Breard Apartments (HUD)	Mothers With Children
Alarm System	\$ 150	\$ 48	\$ 1,113	\$ -	\$ -	\$ -	\$ 625	\$ 800	\$ 1,079
Automobile	741	6,256	4,598	-	173	-	5,307	5,336	4,597
Bad Debts	-	-	-	-	5,520	-	-	-	-
Bank Service Charge	-	588	-	-	15	-	-	-	-
Contract Services	-	14,784	-	-	-	-	-	-	-
Depreciation and Amortization	17,470	3,807	1,709	-	58,236	61	248	7,166	8,460
Dues and Subscriptions	-	2,771	83	-	-	-	83	83	-
Equipment (<\$1,000)	-	-	382	-	1,567	-	805	1,095	85
Fundraising Fees	-	-	-	-	-	-	-	-	-
Insurance	2,249	4,071	9,384	-	10,854	1,632	6,389	8,423	8,953
Interest Expense	-	4,507	4,198	-	12,595	-	-	6,298	4,198
Licenses and Permits	-	1,436	472	-	-	-	52	22	472
Meals	-	691	-	-	-	-	-	-	-
Miscellaneous	-	352	39	-	-	-	-	-	39
Office Expenses	-	-	-	-	-	-	-	-	100
Printing	-	62	465	-	-	-	493	493	430
Postage	-	214	267	-	-	-	267	267	373
Professional Fees	-	8,330	273	-	2,050	-	453	10,120	173
Program Expense	-	3,769	2,641	-	12,988	-	3,739	5,997	-
Repairs and Maintenance	5,703	8,444	13,569	-	22,445	438	6,570	14,206	9,313
Rent	-	-	-	-	-	-	-	-	-
Rental Assistance	-	-	-	-	-	-	-	-	-
Salaries and Benefits	19,694	31,687	108,109	-	23,050	-	58,911	107,077	155,650
Security Deposit	-	-	-	-	-	-	-	-	-
Software Services	-	710	410	-	-	-	490	710	410
Supplies - Food	350,521	247	10,443	22,035	-	-	-	1,752	10,855
Supplies	905	14,252	6,815	-	100	-	3,141	3,827	3,577
Taxes	1,553	3,985	8,484	-	1,896	-	5,415	8,409	13,250
Telephone	-	684	6,635	-	-	-	2,517	2,517	6,286
Training	-	1,397	116	-	42	-	116	116	116
Travel and Entertainment	-	300	-	-	-	-	-	-	-
Utilities	10,103	1,858	16,041	-	736	2,193	8,386	19,013	18,288
Casualty Loss	-	-	-	-	-	-	-	-	703
Total Expenses	\$ 409,089	\$ 115,250	\$ 196,246	\$ 22,035	\$ 152,267	\$ 4,324	\$ 104,007	\$ 203,727	\$ 247,407

(continued)

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

RAYS OF SONSHINE

Statements of Functional Expenses

For the Years Ended December 31, 2019 and 2018

	2018							
	Program Services				Supporting Services			
	Atkins Quarters	Sonshine House II	Clinic Apartments	Sonshine Rental Assistance HUD 3 (2HS)	Total Program Services	Charitable Gaming	Management and General	Total
Alarm System	\$ -	\$ 660	\$ -	\$ -	\$ 4,475	\$ -	\$ -	\$ 4,475
Automobile	-	-	-	263	27,271	-	-	27,271
Bad Debts	-	1,148	-	-	6,668	-	-	6,668
Bank Service Charge	-	180	-	-	783	98	1,219	2,100
Contract Services	-	-	-	-	14,784	1,660	-	16,444
Depreciation and Amortization	-	17,482	-	-	114,639	-	22,378	137,017
Dues and Subscriptions	-	-	-	-	3,020	-	-	3,020
Equipment (<\$1,000)	-	397	-	-	4,331	-	-	4,331
Fundraising Fees	-	-	-	-	-	-	1,400	1,400
Insurance	-	2,417	-	762	55,134	592	1,568	57,294
Interest Expense	-	6,298	-	-	38,094	-	4,198	42,292
Licenses and Permits	-	-	-	9	2,463	-	-	2,463
Meals	-	-	-	-	691	-	-	691
Miscellaneous	-	-	-	-	430	-	208	638
Office Expenses	-	-	-	-	100	-	-	100
Printing	-	68	-	-	2,011	-	-	2,011
Postage	-	-	-	171	1,559	7	135	1,701
Professional Fees	-	-	-	8,190	29,589	1,000	-	30,589
Program Expense	-	40	-	12,628	41,802	700	21	42,523
Repairs and Maintenance	-	3,377	-	-	84,065	-	3,889	87,954
Rent	-	-	-	-	-	46,787	-	46,787
Rental Assistance	-	-	-	17,234	17,234	3	-	17,237
Salaries and Benefits	-	5,691	-	18,813	528,682	17,209	9,920	555,811
Security Deposit	-	-	-	3,075	3,075	-	-	3,075
Software Services	-	-	-	-	2,730	-	3,091	5,821
Supplies - Food	-	-	-	-	395,853	-	-	395,853
Supplies	2,756	201	-	1,539	37,113	66,214	532	103,859
Taxes	-	1,286	-	1,669	45,947	1,800	840	48,587
Telephone	-	-	-	764	19,403	-	-	19,403
Training	-	-	-	16	1,919	-	100	2,019
Travel and Entertainment	-	-	-	-	300	-	-	300
Utilities	-	12,003	2,206	2,434	93,261	-	-	93,261
Casualty Loss	-	-	-	-	703	-	-	703
Total Expenses	\$ 2,756	\$ 51,248	\$ 2,206	\$ 67,567	\$ 1,578,129	\$ 136,070	\$ 49,499	\$ 1,763,698

(concluded)

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

RAYS OF SONSHINE

**Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018**

	2019	2018
Cash Flows from Operating Activities		
Change in Net Assets	\$ (61,980)	\$ (120,336)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided (Used) by Operating Activities		
Depreciation	135,027	137,017
Forgiveness of Debt	(74,231)	(74,259)
Changes in Assets and Liabilities		
Accounts Receivable	(37,685)	59,577
Prepaid Expenses	33,198	(1,281)
Deposits	-	(500)
Accounts Payable	(9,487)	9,638
Deferred Revenue	(32)	(52)
Deposits Received on Rentals	5,628	(5,691)
Accrued Liabilities	6,543	(3,101)
Accrued Interest Payable	-	(2,361)
Total Adjustments	58,961	118,987
Net Cash Provided (Used) by Operating Activities	(3,019)	(1,349)
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(6,875)	(6,927)
Net Cash Provided (Used) by Investing Activities	(6,875)	(6,927)
Cash Flows from Financing Activities		
Principal Payments on Notes Payable	(39,679)	(38,170)
Proceeds from New Debt	20,000	-
Net Cash Provided (Used) by Financing Activities	(19,679)	(38,170)
Increase (Decrease) in Cash	(29,573)	(46,446)
Cash at Beginning of Year	128,122	174,568
Cash at End of Year	\$ 98,549	\$ 128,122
Non-Cash Transactions are as follows		
Operating Activities		
Donations of Food from Food Bank	\$ 349,394	\$ 350,521
Disbursements of Food by the Zone	(349,394)	(350,521)
Total Operating Activities	-	-
Cash Paid for Interest	\$ 53,946	\$ 44,653

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

**Rays of Sonshine
Notes to Financial Statements**

INDEX

	<u>Page</u>
NOTE 1 - DESCRIPTION OF CORPORATION	18
NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	18
A. BASIS OF ACCOUNTING.....	18
B. ADOPTION OF ACCOUNTING PRONOUNCEMENT	18
C. CONTRIBUTIONS.....	19
D. DONATED SERVICES.....	19
E. CASH AND CASH EQUIVALENTS	19
F. LIQUIDITY AND AVAILABILITY OF RESOURCES	19
G. FAIR VALUE MEASUREMENTS	19
H. PROPERTY AND EQUIPMENT.....	20
I. NET ASSETS	20
J. GRANTS.....	20
K. FUNCTIONAL ALLOCATION OF EXPENSES.....	21
L. PROGRAMS.....	21
M. INCOME TAXES	22
N. ESTIMATES.....	22
NOTE 3 - PROPERTY AND EQUIPMENT.....	23
NOTE 4 - NOTES PAYABLE.....	23
NOTE 5 - LINE OF CREDIT	25
NOTE 6 - FEDERAL GRANT/CONTRACTS	25
NOTE 7 - DISCLOSURE AND CONCENTRATIONS.....	26
NOTE 8 - RELATED PARTY TRANSACTIONS	26
NOTE 9 - CASUALTY LOSS.....	26
NOTE 10 - SUBSEQUENT EVENTS.....	26
NOTE 11 - SUBSEQUENT EVENTS – NOTES PAYABLE	27

Rays of Sonshine Notes to Financial Statements

NOTE 1 - DESCRIPTION OF CORPORATION Rays of Sonshine (the Corporation) was established during the year ended December 31, 1998 as a non-profit volunteer health and welfare organization for the purpose of working to assist individuals in crisis situations through various charitable and educational programs. During the year ended December 31, 2007 a subsidiary of Rays of Sonshine, Sonshine Neighborhoods and Properties, Inc. was established to construct new homes for rental to low income individuals. No activity has occurred for Sonshine Neighborhoods and Properties, Inc. for the fiscal years ended December 31, 2019 and 2018.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Basis of Accounting and Financial statement Presentation

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

In accordance with Financial Accounting Standard Board Accounting Standards Codification (FASB ASC) 958, the Corporation is required to report information regarding its financial position and activities according to two classes of net assets (net assets without donor restrictions and net assets with donor restriction); revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

Net assets without donor restrictions - Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also included assets previously restricted where restrictions have expired or been met.

Net assets with donor restrictions - Assets subject to usage limitation based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Corporation. Certain restrictions may need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor restrictions unless otherwise specifically required to be included in net assets with donor restrictions by the donor or by applicable state law.

(B) Adoption of Accounting Pronouncement

In August 2016 the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): *Presentations of Financial Statement for Not-for-Profit Entities*. ASU 2016-14 required significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include the classes of net assets from three classes to two - net assets with donor restrictions and net asset without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Corporation, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard is effective for the Corporation's year ending December 31, 2018 and thereafter and must be applied on a respective basis. The corporation adopted the ASU effective January 1, 2018. Adoption of the ASU did not result in any reclassification or restatements to net assets or changes in net assets.

**Rays of Sonshine
Notes to Financial Statements**

(C) Contributions

In accordance with FASB ASC 958-205, “Not For Profit Entities-Revenue Recognition”, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending upon the existence of donor-imposed restrictions. The Corporation has elected to recognize restricted contributions which are released from the restriction in the same year as unrestricted contributions.

(D) Donated Services

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

(E) Cash and Cash Equivalents

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

(F) Liquidity and Availability of Resources

The Corporation’s financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	2019	2018
Cash	\$ 98,549	\$ 128,122
Accounts Receivable - Federal	-	9,466
Accounts Receivable - Services	81,809	10,659
Accounts Receivable - United Way	12,457	13,368
Accounts Receivable - Foundation For Louisiana	-	20,000
Accounts Receivable - Other	11,651	14,739
Total	\$ 204,466	\$ 196,354

The Corporation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Amounts not available for general use because of contractual or donor-imposed restrictions include, cash in the amount of \$25,186 and accounts receivable from the United Way in the amount of \$12,457. Accordingly, all other funds are available to meet the cash needs of the Corporation in the next 12 months. In addition, the Corporation may maintain funds in a reserve for replacement. These funds are used for the benefit of the tenants and/or the Corporation. Such funds are not considered by the Corporation to have donor-imposed restrictions.

(G) Fair Value Measurements

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

Rays of Sonshine
Notes to Financial Statements

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

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

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

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

(H) Property and Equipment

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

	<u>Years</u>
Buildings and Improvements	30
Furniture and Equipment	7-30
Vehicles	3

(I) Net Assets

Net assets without donor restrictions represent the surplus accumulated over the years through the normal operations of the Corporation. Income from restricted sources which is received during the year and for which the restrictions are satisfied within the same year, is represented in the net assets released from restrictions.

Net assets with donor restrictions at December 31, 2019 and 2018 were \$37,643 and \$16,317, respectively.

At December 31, 2019 and 2018, the amount due from the United Way of Northeast Louisiana, Inc. was \$12,457 and \$10,026, respectively, for contributions restricted for neighborhood clean-up activities per the Atkins Quarters Grant/Donation were \$4,195 and \$6,291, respectively, and contributions restricted for Community of Hope II project were \$20,991 and \$0, respectively.

(J) Grants

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

All other grants are based on cost reimbursement.

**Rays of Sonshine
Notes to Financial Statements**

(K) Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the Statements of Activities and the Statements of Functional Expenses. Accordingly, certain costs have been allocated among program services and support services benefited. Such allocation are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and Benefits	Time and Effort

(L) Programs

The Corporation's principal programs are as follows:

Manna Pantry - A food pantry which distributes food to those need. The food is obtained from the Northeast Louisiana Food Bank which includes food from the USDA and Wal-Mart.

R.E.A.P. (Overcomers) - This program provides classes to anyone in the community attempting to rebuild life and/or overcome destructive personal habits. Beginning in 2009 this program also encompasses The Mission which provide Adult Education services for those in crisis situations. This program also includes Louisiana Children's Trust funding, which provides educational and support services for parents and teaches children personal safety and life skills.

Women's Residence - This program provides shelter to women in crisis that are now attending treatment directly provided by Rays of Sonshine. The main funding source for this program is through the Louisiana Department of Health and Hospitals under the United States Department of Health and Human Resources' Block Grant for Prevention and Treatment of Substance Abuse and Medicaid.

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

Sonshine Community of Hope - This program assisted with the construction of new homes on adjudicated lands that are rented to low income individuals and subsidized by the U.S. Department of Housing and Urban Development.

Supportive Housing - This program is also known as Transition Housing 1, which provides a tiered level of onsite treatment for homeless women from Rays of Sonshine or community. Funding for this program is provided from the Louisiana Department of Health and Hospitals under the United States Department of Health and Human Resources' Block Grant for Prevention and Treatment of Substance Abuse

The Yellow House - This program is also known as Transition Housing 2, which provides additional support and onsite treatment for homeless women from Rays of Sonshine or community. Funding for this program is provided from the Louisiana Department of Health and Hospitals under the United States Department of Health and Human Resources' Block Grant for Prevention and Treatment of Substance Abuse.

Rays of Sonshine Notes to Financial Statements

Breard Apartments - This program provides shelter to homeless women that are attending treatment at Ray of Sonshine. The main source of funding for this program is HUD grants under the Supportive Housing Program. See Note 10 regarding subsequent event on funding source.

Mother's With Children - This program provides shelter to homeless women that have children and are now attending treatment directly provided by Rays of Sonshine. The main funding source for this program is through the Louisiana Department of Health and Hospitals under the United States Department of Health and Human Resources' Block Grant for Prevention and Treatment of Substance Abuse.

Atkins Quarters - This program is the Fiscal Agent of community development in one single neighborhood - Atkins Quarter.

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

Clinic Apartments - This program provides temporary shelter for homeless women until additional housing needs can be provided.

Community of Hope II - The Corporation was awarded grants in the amount of \$20,000 from Foundation of Louisiana and \$5,000 from Local Initiatives Support Corporation (LISC) to assist with new construction of homes to provide affordable and supportive housing for low income individuals and for households with complicated risk factors.

Sonshine Rental Assistance - This program provides housing assistance, childcare, security and utility deposits, and supplies to chronically homeless individuals and was one time funding by HUD grants under the Supportive Housing Program. See Note 10 regarding subsequent event on funding source.

(M) Income Taxes

The Corporation is exempt from income tax under Internal Revenue Code Section 501(c)(3). This code section enables the Corporation to accept donations which qualify as charitable contributions to the donor. The only exception is the income tax paid on gambling proceeds. The Corporation had adopted certain provisions of FASB ASC 740 Income Taxes. The Corporation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Corporation's Federal Return of Organization Exempt from Income Tax (Form 990) and Exempt Organization Business Income Tax Return (Form 990-T) for the years ended December 31, 2018, 2017 and 2016 are subject to examination by the IRS, generally for three years after they are filed.

(N) Estimates

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

Rays of Sonshine
Notes to Financial Statements

NOTE 3 - PROPERTY AND EQUIPMENT

Property and Equipment consisted of the following:

	December 31	
	2019	2018
Land	\$ 183,328	\$ 183,328
Buildings	3,193,796	3,193,796
Building Improvements	350,359	350,359
Vehicle	41,668	38,918
Furniture, Fixtures and Equipment	83,485	79,360
	3,852,636	3,845,761
Accumulated Depreciation	(1,197,800)	(1,062,773)
Total Capital Assets, Net	\$ 2,654,836	\$ 2,782,988

NOTE 4 - NOTES PAYABLE

Notes payable consisted of the following:

	December 31,	
	2019	2018
Mortgage due to Origin Bank		
4.59% interest rate, secured by real estate. Payments are \$372 monthly, due March 31, 2022 with balloon payment due at that time.	\$ 27,379	\$ 30,480
SDBG Loan		
No-interest loan for the purpose of undertaking and satisfactorily completing NSP activities	742,888	817,091
Ally Loan		
3.44% interest rate, secured by vehicle. Payments are annually, with last payment due on October 12, 2021	7,558	11,486
Mortgage due to Cross Keys Bank		
6.25% interest rate, secured by real estate. Payments are \$6,469 monthly, due December 13, 2022 with balloon payment due at that time.	686,236	718,914
Cross Keys Line of Credit		
5.00% interest rate, secured by real estate. Payment due March 13, 2020 with balloon payment due at that time.	20,000	-
Total	1,484,061	1,577,971
Less Current Portion of Notes Payable	(63,162)	(40,700)
Total Long-Term Notes Payable	\$ 1,420,899	\$ 1,537,271

Rays of Sonshine
Notes to Financial Statements

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

Year	Bank Mortgages	CDBG Loan	Total
2020	\$ 63,162	\$ -	\$ 63,162
2021	45,049	-	45,049
2022	632,962	-	632,962
2023	-	-	-
2024	-	-	-
Thereafter	-	742,888	742,888
Total	<u>\$ 741,173</u>	<u>\$ 742,888</u>	<u>\$ 1,484,061</u>

The CDBG loan, in the original amount of \$1,530,000, is a forgivable loan that starts as each rental unit is completed and operates at a full operating year. The loan forgiveness is at the rate of one-twentieth of the initial principal amount in the case of re-developed (new construction) rental units with a maturity date of December 31, 2030. In addition, the Corporation agrees to annually pay to the Louisiana Housing Corporation (LHC) an amount calculated on the total of the annual net revenue from all rental properties under this loan until the loan principal balance has been paid in full. This payment from net revenue shall not be applied towards the reduction of the loan principal balance. At December 31, 2019 and 2018, the Corporation owed LHC \$2,868 and \$12,913, respectively, which was included in Accounts Payable on the Statements of Financial Position. During the years ended December 31, 2019 and 2018, the CBDG loan was reduced by \$74,231 and \$74,259, respectively. As of December 31, 2019 and 2018, the balance on the loan was \$742,888 and \$817,091, respectively.

Origin Bank Loan

On March 30, 2017, the Corporation renewed its existing loan in the amount of \$47,300. The interest rate is a fixed rate of 4.59% per annum. Beginning on April 30, 2017, monthly payments of principal and interest in the amount of \$372 due and one irregular last payment estimated in the amount of \$22,360 will be due. The loan matures on March 31, 2022. The loan is collateralized by the real estate.

Ally Loan

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

Cross Keys Bank Loan

On December 13, 2017, the Corporation entered into a loan with Cross Keys Bank in the amount of \$750,315. The interest is a fixed rate of 6.25% per annum. Monthly payments of principal and interest in the amount of \$6,469 are due and one irregular payment estimated in the amount of \$580,365 will be due. The loan matures on December 13, 2022. The loan is collateralized by a multiple indebtedness mortgage granting a security interest in properties located at 200 Breard St.; 319 N 2nd St; 610-616 N. 3rd; and 3515-3516 S. Grand St. Monroe, LA 71201.

Rays of Sonshine
Notes to Financial Statements

Louisiana Housing Corporation Permanent Loan Contingent Commitment

The Corporation was informed by the Louisiana Housing Corporation (LHC) of their contingent commitment to make available a loan for permanent financing in an amount of \$1,050,000. The permanent loan contingent commitment is to take out the construction financing necessary for the proposed new construction of seven (7) units under the Louisiana Neighborhood Landlord Rental Program (LNLRP). The funding source of the loan is Community Development Block Grant (CDBG). The permanent loan will be collateralized by a 2nd mortgage position on all 7 properties. The LHC's commitment is contingent upon compliance with the provisions of the National Environmental Policy Act of 1969 (NEPA), as well as to the HUD environmental review regulations at 24 CFR Part 58. The project is also subject to CDBG Federal Grant requirements to be references in the LNLRP Regulatory Agreement. As of December 31, 2019, no activity had occurred under this commitment.

NOTE 5 - LINE OF CREDIT

Cross Keys Bank

On March 13, 2019, the Corporation entered into a line of credit with Cross Keys Bank. The maximum amount of credit that can be drawn is \$35,600. The line of credit accrues at a variable rate of interest equal to the sum of the Prime Rate in effect from time to time plus 1.0 percentage points, except otherwise provided. The maturity date on the note is March 13, 2020. The note is collateralized by a security interest in the property. During the fiscal year ended December 31, 2019, the Corporation had drawn on the line of credit and has a balance owed of \$20,000 at fiscal year-end.

Origin Bank

On May 30, 2017, the Corporation entered into a line of credit with Origin Bank. The maximum amount of credit that can be drawn is \$50,000. The line of credit accrues at a variable rate of interest equal to the sum of the Prime Rate in effect from time to time plus 1.0 percentage points, except otherwise provided. The current interest rate is at 5.00%. The maturity date on the note is May 30, 2020. The note is collateralized by a security interest in the property. During the year December 31, 2018, DHH mandated a \$50,000 line of credit for Rays of Sonshine. As of the report date, nothing has been drawn on either of the lines of credit.

NOTE 6 - FEDERAL GRANTS/CONTRACTS

The Corporation has a contract to provide residential treatment services as a pass-through from the Louisiana Department of Health and Hospitals under the United States Department of Health and Human Resources' Block Grant for Prevention and Treatment of Substance Abuse. For its services, the Corporation received \$312,039 and \$163,015 for the years ended December 31, 2019 and 2018, respectively.

The Corporation was awarded grants by the U.S. Department of Housing And Urban Development (HUD) to promote the development of supportive housing and supportive services, including innovative approaches to assist homeless persons in the transition from homeless, and to promote the provision of supportive housing to homeless persons so they can live as independently as possible. For the years ended December 31, 2019 and 2018, the Corporation received \$301,954 and \$258,739, respectively.

Rays of Sonshine Notes to Financial Statements

The Corporation distributes food each week to needy individuals that qualify under the Emergency Food Assistance Program of the United States Department of Agriculture. The food that is received from the Northeast Louisiana Food Bank, Inc. is comprised of commodities donated by the Louisiana Department of Agriculture and Forestry's Food Bank program and other local donors. The value of these commodities received was \$349,394 and \$350,521 for the years ended December 31, 2019 and 2018, respectively. For the years ended December 31, 2019 and 2018, the federal portion of commodities was valued at \$212,754 and \$84,837, respectively.

NOTE 7 - DISCLOSURE AND CONCENTRATIONS

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

NOTE 8 - RELATED PARTY TRANSACTIONS

Certain members of the Executive Director's family earned a total of \$22,881 and \$36,612 during the years ended December 31, 2019 and 2018 of which \$0 and \$0 was paid by Federal grants, respectively. Services performed include lawn care, repairs and maintenance, physical education and charitable gaming.

Additionally, Daniel Printing, an entity owned by the Executive Director's husband, was paid \$1,756 and \$1,807 during the years ended December 31, 2019 and 2018 and was due \$0 and \$0 at December 31, 2019 and 2018, respectively, for printing services provided to the Corporation.

NOTE 9 - CASUALTY LOSS

During the year ended December 31, 2018, the apartment complex was damaged by a tree which fell on the roof. The insurance company paid claims in the amount of \$1,397. The apartment complex incurred costs related to the storm in the amount of \$2,100. For the year ended December 31, 2018, there was a casualty loss of \$703 resulting from the damage as a result of the tree which fell on the roof.

NOTE 10 - SUBSEQUENT EVENTS

In March 2020, the United States Government and citizens had begun responding to the Coronavirus Pandemic (COVID-19). As part of this response, the State of Louisiana had issued a stay-at-home order for the citizens, which had also called for nonessential businesses to temporarily halt operations. The determination of what impact the stay-at-home and other health safety measures will have on the economy and the revenues that the Corporation traditionally have collected. Additionally, the Corporation provides services to clients, in which due to the stay-at-home order, this could impact client participation. Early signs indicate that contributions and client participation, at least in the short run, will have a material unfavorable impact to the Corporation. However, because of the unknown ramifications of COVID-19 and related corresponding Governor's stay-at-home orders and proclamations, the exact financial impact to the Corporation cannot be determined at this point. Accordingly, these financial statements do not include any adjustment for the downward trend in the contributions nor any other unfavorable revenue decline.

During the fiscal year ended December 31, 2019, the Corporation had received notification from the U. S. Department of Housing and Urban Development regarding changes in the Supportive Housing Program, which would no longer be conducive to the mission of the Corporation. Because of these changes, the Corporation decided

Rays of Sonshine
Notes to Financial Statements

not to renew the Supportive Housing Program; therefore, the Supportive Housing Program was terminated in March 2020. The Corporation is currently applying for other programs to assist with the funding shortfall.

In August 2020 and again in October 2020, the State of Louisiana was under a state of emergency due to Hurricane Laura and Hurricane Delta, respectively. During this time, Rays of Sonshine had various real estate property receive roof damages caused by these hurricanes. The Corporation is in the process of obtaining estimates and working with their insurance company to process claims to repair the roofs.

The Corporation has evaluated subsequent events through November 9, 2020, the date which financial statements were available for issue.

NOTE 11 - SUBSEQUENT EVENTS – NOTES PAYABLE

In April, 2020, Rays of Sonshine received loan proceeds of \$114,400 under the Paycheck Protection Program “PPP” under Division A, Title I of the Coronavirus Aid Relief and Economic Security “CARES” Act, which was enacted March 27, 2020 by Congress. The loan and accrued interest is forgivable as long as Rays of Sonshine uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The unforgivable portion of the PPP loan is payable over two years commencing in 2021 at an interest rate of 1% with a deferral of payments for the first six months. Rays of Sonshine used the entire loan amount for qualifying expenses. In November 2020, Rays of Sonshine intends to apply for forgiveness of the loan since it was used for its intended purposes.

SUPPLEMENTARY INFORMATION

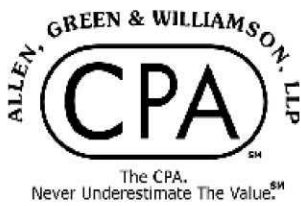
Rays of Sunshine

**Schedule of Compensation, Benefits and Other Payments to Agency Head
December 31, 2019**

Agency Head Name: Lynn Daniel, Executive Director

Purpose	Amount
Salary	\$ 60,779
Benefits-Social Security and Medicare	4,650
Miscellaneous	112

Only amounts paid with public funds were included on this schedule.



ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 6075

Monroe, LA 71211-6075

2441 Tower Drive
Monroe, LA 71201

Telephone: (318) 388-4422

Fax: (318) 388-4664

Toll-free: (888) 741-0205

Partners: Tim Green, CPA
Amy Tynes, CPA, CFE
Aimee Buchanan, CPA
Principal: Cindy Thomason, CPA

Jennie Henry, CPA, CFE
Crystal Patterson, CPA
Mallory Stone, CPA
Audit Manager: Margie Williamson, CPA

Ernest L. Allen, CPA
(Retired) 1963 - 2000

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*

Independent Auditor's Report

Board of Directors and Management
Rays of Sonshine
Monroe, 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 Rays of Sonshine (a non-profit corporation), which comprise of the statement of financial position as of December 31, 2019 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 9, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Rays of Sonshine'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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to

be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Rays of Sonshine's Response to Findings

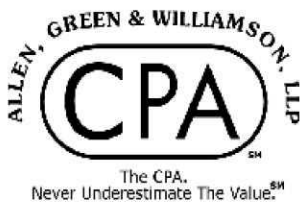
Rays of Sonshine's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plan of the Current Year Findings and Questioned Costs. Rays of Sonshine's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Rays of Sonshine's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rays of Sonshine's internal control and compliance. Accordingly, this communication is not suitable 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 Louisiana Legislative Auditor as a public document.



ALLEN, GREEN & WILLIAMSON, LLP
Monroe, Louisiana
November 9, 2020



ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 6075

Monroe, LA 71211-6075

2441 Tower Drive
Monroe, LA 71201

Telephone: (318) 388-4422

Fax: (318) 388-4664

Toll-free: (888) 741-0205

Partners: Tim Green, CPA
Amy Tynes, CPA, CFE
Aimee Buchanan, CPA
Principal: Cindy Thomason, CPA

Jennie Henry, CPA, CFE
Crystal Patterson, CPA
Mallory Stone, CPA
Audit Manager: Margie Williamson, CPA

Ernest L. Allen, CPA
(Retired) 1963 - 2000

Report on Compliance For Each Major Federal Program; And Report on Internal Control Over Compliance; Required by the Uniform Guidance

Independent Auditor's Report

Board of Directors and Management
Rays of Sonshine
Monroe, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Rays of Sonshine's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Rays of Sonshine's major federal programs for the year ended December 31, 2019. The Rays of Sonshine's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Rays of Sonshine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Louisiana Legislative Auditor as a public document.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP
Monroe, Louisiana
November 9, 2020

**Rays of Sonshine
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019**

<u>FEDERAL GRANTOR/ PASS-THOURGH GRANTOR/PROGRAM NAME</u>	<u>CFDA Number</u>	<u>Pass-through Grantor No.</u>	<u>Expenditures</u>
United States Department of Agriculture			
Passed Through the Northeast Louisiana Food Bank			
Food Distribution Cluster:			
Emergency Food Assistance Program (Food Commodities)	10.569	N/A	<u>\$ 212,754</u>
United States Department of Homeland Security			
Passed through the United Way			
Emergency Food and Shelter National Board Program	97.024	N/A	<u>5,000</u>
U.S. Department of Housing and Urban Development			
Direct Award:			
Supportive Housing Program	14.235	LA0163L6H051807	150,220
Supportive Housing Program	14.235	LA0117L6H051710	<u>151,734</u>
Total Supportive Housing Program			<u>301,954</u>
Passed through the Louisiana Housing Corporation			
Community Development Block Grant/State's Program			
and Non-Entitlement Grants in Hawaii	14.228	N/A	<u>817,091</u>
Total U.S. Department of Housing and Urban Development			<u>1,119,045</u>
Total Expenditure of Federal Awards			<u>\$ 1,336,799</u>

The accompanying notes are an integral part of this schedule.

Rays of Sonshine
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

NOTE 1 - BASIS OF PRESENTATION The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal awards programs of the Rays of Sonshine. Rays of Sonshine reporting entity is defined in Note 1 to Rays of Sonshine's financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies are included on the schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of Rays of Sonshine, it is not intended to and does not present the financial position, changes in net assets or cash flows of Rays of Sonshine.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to Rays of Sonshine's financial statements. Such expenses are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenses are not allowable or are limited as to reimbursement.

NOTE 3 - RECONCILIATION OF FEDERAL REVENUE WITH EXPENDITURES The Community Development Block Grant is a no-interest loan for the purpose of undertaking and satisfactorily completing the Neighborhood Stabilization Program activities. As such the expenditures (\$817,091) are recognized in the current year on the Schedule of Expenditures of Federal Awards and are recorded as a note payable as the revenues will be recognized in future years as forgiveness of debt. Expenditures recognized in the previous years amounted to \$186,805 for 2012 and \$1,411,014 for 2013. In 2019 and 2018, forgiveness of debt in the amount of \$74,231 and \$74,259, respectively was recognized. The total amount recorded as a note payable as of December 31, 2019 was \$742,888.

NOTE 4 - NONCASH FEDERAL AWARDS Included in the accompanying Schedule of Expenditures of Federal Awards is a noncash food contribution by the U.S. Department of Agriculture in the amount of \$212,754. These commodities are valued using prices provided by the U.S. Department of Agriculture.

NOTE 5 - INDIRECT COST RATE The Rays of Sonshine has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Rays of Sonshine
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019**

PART I - Summary of the Auditor's Results

Financial statement audit

- i. The type of audit report issued was unmodified.
- ii. There was one significant deficiency required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States of America. The significant deficiency was not considered to be a material weakness.
- iii. There were no instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statement.

Audit of federal awards

- iv. There were no significant deficiencies required to be disclosed by the Uniform Guidance (2 CFR 200).
- v. The type of report the auditor issued on compliance for major programs was unmodified.
- vi. The audit disclosed no audit findings which the auditor is required to report under accordance with 2 CFR 200.516(a).
- vii. The major federal programs are:

CFDA#14.228	Community Development Block Grant
-------------	-----------------------------------
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in in the Uniform Guidance was \$750,000
- ix. The auditee does qualify as a low-risk auditee under the Uniform Guidance.

**Rays of Sonshine
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019**

Part II - Findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards* generally accepted in the United States of America:

Reference # and title: 2019-001 Controls over Disbursements

Entity-wide or program/department specific: This finding is entity-wide.

Criteria or specific requirement: Proper internal controls over disbursements require that the proper supporting documentation be maintained and reviewed and approved by appropriate personnel, expenses be coded to correct account and classes, and amounts paid agree with the supporting documentation.

Condition found: When testing 25 payroll disbursements, it was noted that the calculation for two disbursements did not agree to supporting documentation which resulted in the employees being overpaid.

When testing 60 vendor disbursements, it was noted that one vendor disbursement did not have adequate supporting documentation and only had one signature on the check that cleared the bank and one vendor disbursement was not adequately allocated based on supporting invoice.

When reviewing the general ledger and capital assets, it was noted that several expenditures were not adequately recorded to the correct account or classification.

Context: The population consisted of review of the general ledger transactions and specific expenditure testing of ninety-two transactions.

Possible asserted effect (cause effect):

Cause: Although all transactions are reviewed by another individual, the organization has only one individual in accounting to perform the day-to-day processes.

Effect: The internal controls over disbursements are weakened.

Recommendations to prevent future occurrences: The Organization should establish additional reviews by personnel to ensure all documentation is obtained at the time of payment and agrees to the payment being made. Additional care should be taken to ensure expenditures are posted to the correct class and allocated appropriately.

Origination date and prior year reference (if applicable): This finding originated fiscal year ended December 31, 2019.

View of responsible official: See the Corrective Action Plan for Year Findings and Questioned Costs. Rays of Sonshine's view is the same as the corrective action plan.

BOARD OF DIRECTORS

CHAIR

Paula Burgess

TREASURER

John Wooldridge

SECRETARY

Kay Flickinger

Eva Dyann Wilson

Cindy Ingram

Lisa Dixon

Michelle Lebron

Dot Key

Pearl Wise

President/Founder

Executive Director

Lynn Daniel

Assistant Director

Claire White

Corrective Action Plan for Current Year Findings and Questioned Costs For the Year Ended December 31, 2019

Reference # and title: 2019-001 Controls over Disbursements

Entity-wide or program/department specific: This finding is entity-wide.

Condition: Proper internal controls over disbursements require that the proper supporting documentation be maintained and reviewed and approved by appropriate personnel, expenses be coded to correct account and classes, and amounts paid agree with the supporting documentation.

When testing 25 payroll disbursements, it was noted that the calculation for two disbursements did not agree to supporting documentation which resulted in the employees being overpaid.

When testing 60 vendor disbursements, it was noted that one vendor disbursement did not have adequate supporting documentation and only had one signature on the check that cleared the bank and one vendor disbursement was not adequately allocated based on supporting invoice.

When reviewing the general ledger and capital assets, it was noted that several expenditures were not adequately recorded to the correct account or classification.

Corrective action plan:

1. Testing payroll: to insure calculation of payroll agrees with supporting documentation to insure payroll is accurate: 1) All paystub totals (highlighted) will be matched with bank and paycheck list. After confirmed, will be signed off by payroll staff and executive staff. 2) Any timesheet that is turned in with mistakes will not be entered into Quickbooks until timesheet is corrected. These confirmation pages will be put in designated binder to confirm all payroll accuracy and a copy stapled into the actual folder of timesheets.
2. Vendor supporting documentation accuracy: To insure all vendor "packets" have accurate back up, two staff will double check all packets to insure all information needed is present before filing.
3. To insure general ledger and capital assets are classified accurately: At minimum, after administrator assistant classifies a document, the bookkeeper will double check classifications at least twice a year, then at end of year do a checklist related to capital assets and general ledger to insure classifications have been double checked (existing yearend list has been reviewed and added this specifically). This list will be signed off by bookkeeper and executive staff. *The classification of the capital asset has been corrected. The other wrong COH classification has been corrected through the full system of Quickbooks.



**Corrective Action Plan for Current Year Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2019**

Person responsible for corrective action plan:

Lynn Daniel, Executive Director	Telephone:	318-323-0502
200 Breard Street	Fax:	318-387-0700
Monroe, LA 70071		

Anticipated completion date:

(#3 has been corrected) Going forward #2 immediately as filing of new packets takes place, then by January 1, 2021 past vendor packets reviewed to insure packet is complete; payroll adjustment begin literally in next payroll on November 6, 2020.

Sincerely,

Lynn Daniel
Executive Director