Empower 225

Baton Rouge, Louisiana

Annual Financial Report

For the year ended December 31, 2020

Empower 225
Baton Rouge, Louisiana
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December 31, 2020

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DAVID A DOMINIQUE, LLC
CPA | BUSINESS ADVISOR

Independent Auditor's Report

Board of Directors
Empower 225
Baton Rouge, Louisiana

I have audited the accompanying financial statements of Empower 225 (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I 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 entity'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 entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Empower 225 as of December 31, 2020, the changes in its net assets, the statement of functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information
My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to Agency Head is presented for purposes of additional analysis and is not a required part of the financial statements. In addition, the accompanying 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*, 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 my 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*, I have also issued my report dated June 30, 2021, on my consideration of Empower 225's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Empower 225's internal control over financial reporting and compliance. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

David A Dominique, LLC
Denham Springs, Louisiana
June 30, 2021

Financial Statements

Empower 225
Baton Rouge, Louisiana
Statement of Financial Position
December 31, 2020

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents, without donor restrictions	67,715
Cash and cash equivalents, with donor restrictions	97,578
Accounts receivable	20,815
Grant reimbursement receivable	146,439
Contract asset	27,217
Prepaid expenses	12,743
TOTAL CURRENT ASSETS	372,507
PROPERTY AND EQUIPMENT, net of depreciation	512,454
TOTAL ASSETS	$ 884,961
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	1,970
Deferred revenue from grants	13,701
Credit cards	35,705
Payroll related liabilities	44,678
Accrued leave	29,028
Contingent liabilities	920
Current portion of long-term debt	29,151
TOTAL CURRENT LIABILITIES	155,153
LONG-TERM DEBT, less current portion	245,232
TOTAL LIABILITIES	400,385
NET ASSETS	
Without donor restrictions	386,998
With donor restrictions	97,578
TOTAL NET ASSETS	484,576
TOTAL LIABILITIES AND NET ASSETS	$ 884,961

Empower 225
Baton Rouge, Louisiana
Statement of Activities
For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Contributions & private grants	$ 259,996	$ 81,832	$ 341,828
Special events, net of costs of benefits to donors of $30,409	92,835		92,835
Direct and pass-through federal awards	1,108,414	-	1,108,414
State grant revenue	15,000	-	15,000
Program revenue	106,617	-	106,617
PPP loan forgiveness & EIDL advance	247,700		247,700
In-kind contributions	277,130	-	277,130
Insurance dividend	7,631	-	7,631
	2,115,323	81,832	2,197,155
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of program restrictions	30,604	(30,604)	-
TOTAL REVENUE AND OTHER SUPPORT	2,145,927	51,228	2,197,155
EXPENSES			
Program services	1,525,853	-	1,525,853
Management and general	598,135	-	598,135
Fundraising	22,615	-	22,615
TOTAL EXPENSES	2,146,603	-	2,146,603
CHANGE IN NET ASSETS	(676)	51,228	50,552
NET ASSETS, beginning of year	387,674	46,350	434,024
NET ASSETS, end of year	386,998	97,578	484,576

Empower 225
Baton Rouge, Louisiana
Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program				Support		
	Advocacy	**Hope**	**Housing**	**Independent Living**	**Management & General**	**Fundraising**	**Total**
Client Support & Related Program Expenses	10,817	26,016	157,115	1,445	203	-	195,596
Depreciation	-	-	20,803	-	-	-	20,803
Insurance	-	30,204	26,945	20,499	14,290	546	92,484
Interest Expense	-	-	11,364	-	-	-	11,364
Meetings, Travel, & Education	1,621	1,925	3,068	823	3,554	-	10,991
Miscellaneous	-	360	-	2,886	8,252	9,814	21,312
Office, Computer, and Other Supplies	29,007	1,149	10,557	8,431	47,005	-	96,149
Other Direct Program Expenses	22,440	-	29,392	11,942	177	-	63,951
Payroll & Other Related Expense	174,903	233,376	322,349	178,970	412,213	12,255	1,334,066
Professional Fees	1,144	12,688	3,431	1,144	3,631	-	22,038
Rent, Utilities, & Parking	-	-	10,674	-	2,246	-	12,920
In-Kind Expenditures	22,268	12,960	74,654	48,483	106,564	-	264,929
Total Expenses	**262,200**	**318,678**	**670,352**	**274,623**	**598,135**	**22,615**	**2,146,603**

See notes to financial statements

Empower 225
Baton Rouge, Louisiana
Statement of Cash Flows
For the Year Ended December 31, 2020

Cash flows from operating activities:	
Change in net assets	$ 50,553
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	20,803
Noncash contribution of vehicle received	(12,200)
Net (Increase) Decrease in:	
Accounts receivable and contract assets	(40,162)
Grant reimbursement receivable	56,083
Prepaid insurance	(11,463)
Net Increase (Decrease) in:	
Accounts payable and credit card liabilities	30,194
Deferred revenue	13,701
Contingent liabilities	920
Payroll related liabilities	(10,927)
Accrued leave	12,124
Net cash provided by operating activities	109,626
Cash flows from investing activities	-
Cash flows from financing activities:	
Principal payments on note payable	(17,787)
Net cash used in financing activities	(17,787)
Net change in cash, cash equivalents, and restricted cash	91,839
Cash, cash equivalents, and restricted cash at beginning of year	73,454
Cash, cash equivalents, and restricted cash at end of year	165,293
Supplemental Disclosure of Cash Flow Information	
Cash paid during the year for interest	11,364

1. Organization and Nature of Activities

Empower 225 (the Organization) is a nonprofit corporation founded in September 2010 (initially as Healing Place Serve). Our mission is to empower youth in the capital region who are at-risk of homelessness and dependency, to reach their highest potential through educational support, life-skills training, career preparedness, housing and mentorship. Our goal is to connect the youth with positive adult role models and help them develop in these four areas: Education, employment, stable housing, and life skills. We strive to achieve these goals by establishing community-based partnerships and developing indigenous leadership. We work to provide and coordinate supportive services to ensure wrap-around care, recruits and trains volunteers to implement 'Best-Practices Programs' & secure additional resources for the community. Our target populations include: Homeless youth, youth in foster care, young adults who age out of foster care, and victims of sexual trafficking. We have developed various programs around the needs of our target populations. We also have programs to build greater awareness and better response to the problem of child trafficking, coordinates foster care and adoption events, and provides housing for homeless individuals. Our Organization is funded by donations, grants, and revenue collected in furtherance of our mission.

Components of Program Services

Advocacy

The Foster Care/Adoption initiative provides awareness and advocacy for youth in care and available for adoption; recruits, secures, and trains foster and adoptive parents; and provides support and training for caregivers and birth parents.

HOPE [anti-trafficking initiative]

The HOPE Team provides supportive services and mentoring to victims of human trafficking. It also facilitates training for those who serve these victims including law enforcement, medical employees and state officials.

Housing

Anchor House provides stable housing and support for homeless or at-risk male youth ages 16-21. It is an eight-bed family-style transitional living program used to create a supportive home environment. The Rapid Rehousing Program provides short-to-medium term housing assistance for qualifying homeless youth ages 18-24. Participants are assigned through the statewide Coordinated Entry program.

Independent Living

The Empower 225 Leadership Academy helps youth ages 13 – 24 become leaders through Educational Support, Life Skills Training, and Employment Training. The Dream Center Accelerate Program (DAP), an after-school program that provides a safe positive place and educational support for at-risk youth ages 13-18 after school and during the summer. CILP program provides life skills training for youth ages 14-21 in foster care or aged out of foster care. the 225 Employment Program, an 8-week curriculum to prepare young adults ages 18-24 to obtain and retain successful employment.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the prepares its financial statements and the reported amounts of revenue and expenses during the reporting period.

Net Asset Presentation

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the "Board") and management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion. This class also includes restricted gifts whose donor-imposed restrictions were met within the same year as received the donated assets for either specified or unspecified purposes.

Net Assets With Donor Restrictions

Net assets with donor restrictions are those resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to these stipulations.

Cash and cash equivalents

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, with an original maturity of three months or less when purchased. The following is the composition of the combined amounts appearing in the financial statements.

	Without restrictions	With restrictions	Total Cash
Money in checking accounts	$ 67,274	$ 97,578	$ 164,852
Petty cash	441	-	441
Total cash and cash equivalents	67,715	97,578	165,293
Total cash reported on statement of financial position	67,715	97,578	165,293
Total cash reported on statement of cash flows			165,293

Account, grant, and contribution receivable

The Organization determines past due accounts based on contractual terms and does not charge interest on the accounts. The Organization charges off receivables if management considers the collection of the outstanding balance to be doubtful. Management estimates no allowance for doubtful accounts is necessary as of December 31, 2020.

Property and Equipment

Property and equipment are stated at cost, if purchased, or at fair value at the date of gift, if donated, less accumulated depreciation. Additions with a cost or fair value of less than $5,000 are expensed. Depreciation of property and equipment is computed over the estimated useful lives of the assets on a straight-line basis. Routine repairs and maintenance are expensed as incurred. The following is a summary of the estimated useful lives used:

Buildings and improvements	39	Years
Leasehold improvements	39	Years
Equipment	3-5	Years
Vehicles	5-7	Years

Revenue Recognition

The Organization receives revenue from contributions (donations, private grants, fundraising revenue, and federal and state grant awards) and from contracts with its customers for services in furtherance of its mission (program service revenue).

Contributions and promises to give

Contributions are recorded as increases in net assets without donor restrictions or increases in net assets with donor restrictions, depending on the existence or nature of any donor-imposed restrictions, in the period received or in the period in which an unconditional promise to give such contribution is received.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same accounting period are reported as support and revenues without restrictions. The same treatment applies for reporting investment gains and income.

Donated services, property, and facility use

In-kind contributions consist of donated services, property, and facility use received by the Organization. Donated property and facility use are recorded as both revenue and expense at their estimated fair values at the date of receipt. Donated property with a long useful life is recorded as revenue and as a long-lived asset at the estimated fair value.

The Organization recognizes contribution revenue for certain services received at their estimated fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Revenue from contracts with customers

Revenue from contracts with customers for services is reported as an increase in net assets without donor restrictions in the period in which the services are rendered. All costs incurred to obtain a contract are expensed as incurred.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the internal Revenue Code. The Organization applies and accounting guidance related to accounting for uncertain tax positions. In management's judgment, the organization does not have any tax positions that would result in a loss contingency considering the facts, circumstances, and information available at the reporting date. The federal tax years open for assessment are ending on or after December 31, 2017.

Functional Allocation of Expenses

The costs of providing the program and support functions have been summarized on a functional basis in the statements of activities and changes in net assets and functional expenses.

Major categories of costs are allocated between program and support functions as follows: Payroll related costs are allocated based on the employees' responsibilities under each program. Other expenses are allocated to the classification that the expenditure most directly benefits.

Compensated Absences

An employee who works 20 to 40 hours per week will accrue vacation time. Annual leave may be rolled into the following year.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. There were no such impairment for the year ended December 31, 2020.

Advertising

Advertising costs are expensed as incurred. There were no advertising costs for the year ended December 31, 2020.

Fair Value Measurement

The Organization follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Change in accounting principle

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

The change in accounting principle was adopted on a modified prospective basis in 2020. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of January 1, 2020. In comparison to the year ended December 31, 2019, the effect of adopting the new accounting principles was not material.

3. Liquidity and Availability of Financial Assets

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

Financial assets, at year end	
Cash and cash equivalents	$ 165,293
Accounts receivable	20,815
Grant reimbursement receivable	146,439
Contract asset	27,217
Total	**359,764**
Less those unavailable for general expenditures within one year, due to:	
Donor imposed time or purpose restrictions	(97,578)
For use on specific federal projects pursuant to grant requirements	(13,701)
Total	**(111,279)**
Financial assets available to meet cash needs for general expenditures within one year	**248,485**

It is the Organization's policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management estimates the available financial assets are sufficient to meet operating needs.

4. Revenue Recognition

Revenue from contributions

Revenue from contributions consisted of donations from the general public, private grant awards, and federal and state grant awards.

Federal and state grant awards received are generally cost-reimbursement arrangements, whereby the contributions under the grant award are conditioned on the Organization incurring expenses allowable under the terms of the grant.

Unreimbursed expenses that have been incurred but not yet reimbursed are reported as **Grant Reimbursement Receivable** on the Statement of Financial Position. Contributions received under the grant award prior to the expenditures being incurred are reported as **Deferred Grant Revenue** on the Statement of Financial Position.

The Organization expects to recognize as revenue the $13,701 reported as Deferred Grant Revenue during the year ended December 31, 2021.

Revenue from contracts with customers

The Organization earns revenue from a contract with the Louisiana Department of Children and Family Services (DCFS) to provide housing services for youth in foster care. DCFS pays the Organization approximately $126 per day per DCFS client served. Consideration on this contract is not variable as the fee for the services is fixed based on the number of days services are provided. Performance is measured by the number of days housing services are provided to DCFS clients and is recognized in the period in which the housing services are provided. Invoices are normally submitted monthly for services rendered in the prior month.

The Organization also earned revenue through an arrangement whereby it served as an intermediary and fiscal agent for a third-party nonprofit corporation on a project for the Louisiana DCFS. Under this arrangement, the Organization paid expenses as approved by the third party nonprofit corporation and was reimbursed by DCFS for its direct and indirect costs. Consideration on this contract is not variable as the transaction price is fixed based on the amount of expenditures incurred. Performance is measured by the amount of expenditures incurred on behalf of the nonprofit corporation and is recognized in the period in which the expenditures are incurred. Revenue from this contract is equal to the indirect costs reimbursement received.

Contribution and contract assets and liabilities

The timing of revenue recognition, billings, and cash collections results in Accounts Receivable (amounts billed but not collected for contract services), Grants Reimbursement Receivable (amounts billed and unbilled for reimbursement of expenditures allowable under grant award terms), and Deferred Revenue (support received subject to conditions that have not yet been satisfied).

Amounts from contracts are billed as work progresses in accordance with agreed-upon contractual terms at periodic intervals (monthly). Amounts from grant awards are drawn down at the discretion of management after allowable costs have been incurred.

Generally, billing occurs subsequent to revenue recognition, resulting in contract assets. However, the Organization sometimes draws down more on grant awards than expended resulting in Deferred Revenue liability. This Deferred Revenue liability is satisfied and revenue recognized as allowable costs are incurred.

Assets and liabilities arising from contributions and contracts with customers were as follows for 2020:

	December 31, 2020	December 31, 2019
Accounts receivable	$ 20,815	$ -
Contract assets	27,217	7,870
Grant reimbursement receivable	146,439	202,522
Deferred revenue	13,701	-

All grants receivable as of December 31, 2020, are expected to be collected within one year.

5. PPP Forgivable Loan and EIDL advance

On April 24, 2020, the Organization received loan proceeds in the amount of $237,700 under the Paycheck Protection Program (the "PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), provides for loans to qualifying entities for amounts up to 2.5 times the 2019 average monthly payroll expenses of the qualifying entity. The PPP loan bears an interest rate of 1% per annum. All or a portion of the PPP loan principal and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act, over a period of either eight or twenty-four weeks (the "Covered Period"). The unforgiven portion of the PPP loan, if any, is payable within two years from the date of the loan. Loan payments of principal or interest are deferred until the amount of loan forgiveness is determined by the United States Small Business Administration ("SBA"). If the Organization does not apply for forgiveness, payments begin approximately 16 months after the loan date.

The Organization accounts for the PPP loan as a conditional contribution obligation and recognizes revenue over the period in which conditions for forgiveness of the PPP loan are satisfied.

As of December 31, 2020, the Organization satisfied all conditions for forgiveness of the PPP loan and reports $0 in liabilities and $237,700 as revenue. On January 8, 2021, the Organization received confirmation the entire PPP loan was forgiven.

In addition, the Organization received $10,000 in the EIDL advance grant which is recorded as an unconditional contribution and recognized the entire $10,000 in revenue on the Statement of Activities on the line “PPP loan forgiveness & EIDL advance”.

6. **Property and Equipment**

Depreciation expense for the year was $$20,803. A summary of property and equipment as of December 31, 2020, is as follows:

	2020	2019
Buildings and improvements (collateral, see Note 4)	$ 560,649	560,649
Leasehold improvements	81,461	81,461
Equipment	6,659	6,659
Vehicles	55,223	43,023
Total	703,992	691,792
Less: accumulated depreciation	(191,538)	(170,735)
Property and equipment, net	$512,454	$ 521,057

7. **Notes Payable & Interest expense**

The Organization has one note payable that is secured by a mortgage on the Organization’s Anchor House. The balance of this note as of December 31, 2020, was 274,383 ($29,151 current and $245,232 noncurrent).

The note is payable in installments of $2,429, including principal and interest at 3.95%. The note matures on October 12, 2022, with an expected principal obligation of $243,611 then owed. The Organization expects to refinance this loan prior to maturity.

Total Interest costs for the year was $11,364 which was entirely charged as an expense on the Statement of Activities.

8. **Net assets with donor restrictions**

Net assets with donor restrictions consisted of the following:

	2020
Huey and Angela Wilson Foundation	
Restricted for operations on the 225 Employment Program	$ 15,746
Restricted for use on the VELC Program	40,342
Restricted for use on the Family Support Collaborative Program	41,490
Total	$ 97,578

9. Donated services, property, and facility use

The organization reported $277,130 in donated services, property, and facility use as support revenue on its Statement of Activities. This consisted of a vehicle with an estimated value of $12,200, which is carried as an asset subject to depreciation on the Statement of Financial Position and services, other property, and facility use that the Organization valued at $264,929 which is reported as part of the expenses on the Statement of Activities.

The Statement of Functional Expenses reports donated services, property, and facility use on a single line disaggregated by function. Donated services, property, and facility use (In-Kind Expenditures) are further disaggregated below:

	Advocacy	Hope	Housing	Independent Living	Management & General	Total
Facility use	$ 16,652	$ -	$ 52,836	$ 17,117	$ 104,389	$ 190,994
Services	450	12,960	16,351	28,459	2,175	60,395
Supplies	5,166	-	5,467	2,907	-	13,540
Total	22,268	12,960	74,654	48,483	106,564	264,929

Donated facility use consists of the following office, program activity, special event and storage space donated to Empower 225 for use rent-free by Healing Place Church:

19202 Highland Road, Baton Rouge, LA 70809
4829 Winbourne Ave, Baton Rouge, LA 70805 (Baton Rouge Dream Center)
569 Florida Ave SW, Denham Springs, LA 70726

The contributed services were utilized to expand necessary services clients needed beyond what could be provided by federally regulated funds. The partnerships established to provide the access to the appropriate services (safe trauma-informed providers, subject matter experts, peer-to-peer victim advocacy, legal guidance and representation, etc.) are essential to operating programs that provide comprehensive services and resources. When providing services volunteers are integral in the operation of programs and delivery of services. For instance, as we continue to serve clients the need is fully confirmed by the evidence of no programs lacking on reaching established program goals for clients to be served. The various populations identified who benefit from participation in the programs continues to grow and the ability to fulfill the need becomes greater, but the funding stays the same. In preparation, our volunteer database continues to grow in an effort to maximize funding and utilize specialized skills.

10. Fair Value measurements

Fair values of assets measured at December 31, 2020 are as follows:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Recurring measurements				
None				
Nonrecurring measurements				
Vehicle held for use	12,200		12,200	
Facility use	264,929		190,994	73,935
Services, supplies				

The Organization values level 2 assets based on similarly priced vehicles and based on comparable commercial real estate listings of price per square feet. The Organization values Level 3 assets based on the expected cost for leasing similarly situated facilities and obtaining a similar level of services and supplies.

11. Significant Concentrations and Credit Risk

Credit risk

Financial instruments that are exposed to concentrations of credit risk consist of cash, and accounts receivable. The cash is held in FDIC insured banks. After receipt of the PPP loan during 2020, the balance in one of the accounts exceeded federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Receivables consist entirely of contract revenue and grant reimbursements due from federal and state agencies. The majority of these amounts are realizable when the Organization decides to draw down budgeted grant funds to recover the expenditures made towards the grant projects. No collateral is obligated by the promising agencies. Because the realization of the majority of these receivables is at the discretion of the Organization, the no significant concentrations of credit risk exist with respect to the receivables.

Significant Donors

The Organization received $60,416 in cash contributions from Healing Place Church. The Organization also receives in-kind contributions of facility usage that management estimates to be valued at $190,994 from Healing Place Church. The Organization also received $100,000 in grants from the Huey & Angelina Wilson Foundation. A decrease in commitment from Healing Place Church or from the Huey & Angelina Wilson Foundation could have a significant effect on operations.

Other significant sources of revenue

Direct and pass-through federal awards comprised approximately 50% of the Organization's revenue during 2020 compared to 66% during 2019. Failure to secure additional federal awards could have a significant effect on operations.

12. Contingencies, uncertainties, and risks

Significant estimates

Significant estimates include the value of donated property, services, and facility use. During 2020, the Organization began using a larger portion of the donated facilities provided by Healing Place Church. Additionally, the Organization increased the estimated value of the facility use to $15 per sq foot used. As a result, the estimate of the donated facilities received by the Organization is materially higher than was reported in 2019.

Contingencies

The Organization reported $920 in contingent liabilities based on its expectation that it will reimburse the U.S. Department of Justice for costs identified in its 2019 Single Audit as having been incurred outside the period of performance.

The Organization did not report and does not expect to be required to reimburse the U.S. Department of Justice for other costs totaling $20,911 identified in its 2019 Single Audit as the Organization believes it has implemented appropriate remedial control procedures and provided adequate compensating information and documentation to satisfy questions regarding these costs.

Risks

The ongoing Coronavirus pandemic has resulted in substantial volatility in the global economy. The pandemic may potentially have an adverse effect on the results of operations. While management has implemented measures to mitigate the impact of the pandemic, including obtaining a PPP loan under the CARES Act as detailed in Note 5, the extent to which the Organization's operations are impacted will depend on future developments, which are highly uncertain and cannot be predicted. As a result, management cannot reasonably estimate the overall impact of the Coronavirus pandemic to the Organization's future results of operations, cash flows, or financial condition.

13. Fundraising expense

Total fundraising expense for the year ended December 31, 2020, was $53,025 (costs of benefits to donors - $30,409 plus other fundraising costs - $22,616).

14. Retirement plan

The Organization sponsors a 401(k) plan that allows employees to make pre-tax contributions through salary reduction. Employees are eligible to participate after three months of employment with the Organization. The Organization does not match any contributions made by the employees or make nonmatching contributions.

15. **Subsequent Events**

Management has evaluated the subsequent events through the date that the financial statements were available to be issued, June 30, 2021. Management has determined no subsequent events should be included in these financial statements.

Supplemental Information

Empower 225
Baton Rouge, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2020

Agency Head Name: Susan Rogers

Purpose	Amount
Salary and wages	$ 68,128
Benefits - insurance	4,800
Expense reimbursements	530
	$ 73,458

See notes to financial statements

Other Reports and Schedules

David A. Dominique, LLC
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DAVID A DOMINIQUE, LLC
CPA | BUSINESS ADVISOR

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Empower 225
Baton Rouge, Louisiana

I 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 Empower 225 (the Organization), which comprise the statement of financial position as of December 31 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated June 30, 2021.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Empower 225's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Empower 225's internal control. Accordingly, I do not express an opinion on the effectiveness of Empower 225's internal control.

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

My 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 my audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-001 amd 2020-002 that I consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Empower 225's financial statements are free from material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Empower 225 Response to Findings

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Empower 225's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. Empower 225's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

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

David A Dominique LLC
Denham Springs, Louisiana
June 30, 2021

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DAVID A DOMINIQUE, LLC
CPA | BUSINESS ADVISOR

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
Empower 225
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

I have audited Empower 225'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 Empower 225's major federal programs for the year ended December 31, 2020. Empower 225'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 the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 I 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 Organization's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Empower 225's compliance.

Opinion on Each Major Federal Program

In my opinion, Empower 225 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, 2020.

Other Matters

The results of my auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items, <u>2020-003</u>, <u>2020-004</u>, <u>2020-006</u>, and <u>2020-007</u>. My opinion on each major federal program is not modified with respect to these matters.

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CPA | BUSINESS ADVISOR

Empower 225's response to the noncompliance findings identified in my audit is described in the accompanying schedule of findings and questioned costs. Empower 225's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

Report on Internal Control Over Compliance

Management of Empower 225 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Empower 225's internal control over compliance with the types of requirement 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, I do not express an opinion on the effectiveness of Empower 225'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.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, I did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2020-003, 2020-004, 2020-005, 2020-006, and 2020-007, that I consider to be significant deficiencies.

Empower 225's response to the internal control over compliance findings identified in my audit is described in the accompanying schedule of findings and questioned costs. Empower 225's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, I express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of my 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

David A Dominique LLC
Denham Springs, LA 70726
June 30, 2021

Empower 225
Baton Rouge, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Grantor/Pass-Through Grantor / Program Name	Grant Number	CFDA Number		Total Federal Expenditures
U.S. Department of Health and Human Services				
Direct Programs:				
Transitional Living Program	90CX7170-03-00	93.550	*	137,675
Transitional Living Program	90CX7170-04-00	93.550	*	53,511
COVID-19 - Transitional Living Program	90CX7170-03-01	93.550	*	8,997
Total Transitional Living Program				200,183
Street Outreach Program	90YO2318-02-00	93.557	*	116,244
Street Outreach Program	90YO2318-03-00	93.557	*	18,562
COVID-19 - Street Outreach Program	90YO2318-02-01	93.557	*	11,117
Total Strreet Outreach Program				145,923
Domestic Victims of Human Trafficking Program	90TV0021-04-00	93.327		166,309
Basic Center Grant	90CY7276-01-00	93.623		719
Passed through:				
Louisiana Department of Children and Family Services				
Chafee Foster Care Independent Living Program	2000434211	93.674		106,519
Disaster Relief Act of 2019	1000234141	93.645		11,710
Subtotal: U.S. Department of Health and Human Services				**631,363**
U.S. Department of Justice				
Direct Programs				
Minor Victims of Human Trafficking	2019-VM-BX-0009	16.320		171,802
Human Trafficking Housing Assistance Program	2020-VTBX-0044	16.320		884
Total - Services for Trafficking Victims				172,686
Awareness, Mentorship, Prevention, Protection (AMPP) Violence Prevention Program	2020-CVFXK-008	16.818		1,293
Subtotal: U.S. Department of Justice				**173,979**
U.S. Department of Housing & Urban Development (HUD)				
Direct Programs:				
Rapid Rehousing Program via COC (Continuum of Care)	LA0336L6H091800	14.261		63,333
Rapid Rehousing Program via COC (Continuum of Care)	LA0308L6H091801	14.261		98,396
Rapid Rehousing Program via COC (Continuum of Care)	LA0336L6H091901	14.261		72,970
Rapid Rehousing Program via COC (Continuum of Care)	LA0308L6H091902	14.261		68,373
Total Continuum of Care				303,072
Subtotal: U.S. Department of Housing & Urban Development (HUD)				**303,072**
TOTAL EXPENDITURES OF FEDERAL AWARDS				**$ 1,108,414**

* Major programs

See accompanying notes to Schedules of Expenditures of Federal Awards

Empower 225
Baton Rouge, Louisiana
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Empower 225 under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Empower 225, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Empower 225.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

Empower 225 has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Empower 225
Baton Rouge, Louisiana
Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *unqualified*

Internal control over financial reporting:

- Material weaknesses identified…………………... No
- Significant deficiencies identified that are not considered to be material weaknesses........ Yes
- Noncompliance material to financial statements noted……………………………………….. No

Federal Awards

Internal control over major programs

- Material weaknesses identified………………………………………………………………... No
- Significant deficiencies identified that are not considered to be material weaknesses……. Yes

Type of auditor's report issued: *unmodified*

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)……………………………………………………………………………………… Yes

Identification of major programs

CFDA Number(s):	*Name of Federal Program or Cluster*
93.550	Transitional Living Program
93.557	Street Outreach Program

Dollar threshold used to distinguish between type A and type B programs $750,000 or greater

Auditee qualified as low-risk auditee? Yes

B. FINDINGS – FINANCIAL STATEMENT AUDIT

Non-compliance

-none

Significant Deficiencies

2020-001 – Recording in-kind contributions
(repeat finding)

Criteria:
Donated facilities, services, and other property must be recorded at fair value in the period received. The Organization relies on in-kind contributions of facilities, services, and other property to meet matching requirements under federal awards.

Condition:
The Organization does not contemporaneously record in its general ledger in-kind contributions of facilities, services, and other property.

Cause:
The Organization tracks in-kind contributions received in separate files for each program. These entries are not posted to the general ledger until the financial statements are prepared.

Effect:
The Organization's reported in-kind contributions cannot be traced to an underlying general ledger in a consistent manner across the entire organization.

Recommendation:
The Organization should record the receipt and expenditure of in-kind contributions of facilities, services, and other property in its general ledger contemporaneously with the receipt thereof.

Views of Responsible Officials:
E225 will implement a revamped submission process from the program staff [similar to the current expenditure process], to allow the finance team, not only to get accurately dated but also enter contemporaneously with the receipt thereof.

2020-002 – Allocation of payroll costs

Criteria:
Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. 2 CFR 200.430(i). These records must support the distribution of the employees' salary or wages among specific activities or cost objectives if the employees work on more than one Federal award. 2 CFR 200.430(i)(1)(i). Budget estimates alone do not qualify as support for charges to Federal awards. 2 CFR 200.430(i)(1)(viii).

Condition:
The Organization requires all employees to submit timesheets. Charges for management and administrative level employees are charged across multiple activities, including to federal grants, privately funded activities, and an indirect cost center. The timesheets do not specify the grant or

programmatic activity on which the management/admin employees worked. While the Uniform Guidance does not necessarily require timesheets that detail the hours charged to each grant activity, the time charged to grants must be supported records that provides reasonable assurance that the charges are accurate, allowable, and properly allocated and budget estimates alone do not qualify as support.

When recorded to the general ledger, the costs for the management and administrative level employees are allocated across several grants based on the budgeted time for each employee. The Organization provided explanations as to the services each employee provides benefiting each grant project, as well as after-the-fact certifications supporting the allocation of charges to grant awards for select management and administrative level employees.

Cause:
Control procedures were not designed to provide reasonable assurance that costs for administrative and management level employees are appropriately charged directly to awards.

Effect:
A significant deficiency exists in the allocation of payroll costs for management and administrative level employees directly to federal awards.

Recommendation:
Design and implement procedures to provide reasonable assurance that the costs for administrative and management level employees are allocated appropriately to federal awards. This may include requiring contemporary certifications from employees certifying that the allocations based on budgeted amounts correctly reflect time and effort spent performing allowed activities on each grant project.

Views of Responsible Officials:
E225 has implemented a payroll allocation policy that manages to provide reasonable assurance that administrative and management level employees are allocated appropriately to federal awards with the use of a periodic [at least quarterly] submission of an ‘after the fact’ certification by the employees to assert that their time and effort is dedicated reasonably to those charged federal awards.

Material weakness

-none

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

Key

NC – Non-compliance material to an applicable compliance requirement
SD – Significant deficiency
MW – Material weakness

2020-003 – Eligibility (SD/NC)

CFDA Title and Number: 93.550 – Transitional Living Program
Name of Federal Agency: Department of Health and Human Services
Grant No. 90CX7170-03-00 (9/30/2019 to 9/29/2020); 90CX7170-03-01 (9/30/2019 to 9/29/2020); 90CX7170-04-00 (9/30/2020 to 9/29/2021)
Project Period: 9/30/2017 to 9/29/2022
Compliance/Internal Control over Compliance: Eligibility

Criteria:
Individuals may only participate in the Transitional Living Program for a continuous period of 540 days, or in exceptional circumstances, 635 days, except that a young person who has not reached 18 years of age on the last day of the 635-day period may, in exceptional circumstances, remain in the program until the youth's 18^{th} birthday. 34 USC 11222(a)(2).

Condition:
The Organization provides housing for homeless youth at its Anchor House. The housing is funded in part by the Transitional Living Program and in part from other nonfederal sources. I tested all 15 homeless youth who received housing and other services from the Organization at the Anchor House during 2020 and identified two individuals who remained in the Anchor House beyond the TLP statutory limit of 635 days after having reached 18 years of age.

Cause:
Procedures were not effectively designed to separate the cost of providing housing for homeless youth cared for under the TLP program from homeless cared for from other sources.

Effect:
TLP funds may have been used to benefit homeless youth beyond the TLP statutory limit of 635 days.

Questioned Cost:
Costs for services provided to ineligible participants are not determinable.

Recommendation:
Design and implement controls that will detect when homeless youth served at the Anchor House are not eligible for benefits from the TLP program. Design and implement controls that will separate the cost for providing services to homeless youth served at the Anchor House who are not sponsored through the TLP program.

Views of Responsible Officials:
Management will establish tighter verification methods subsequent to all bookkeeping entries from program expenditures pertaining to participant support, as well as during expenditure approval. This will ensure that correct class coding was selected during the expenditure process as well the during data entry process into the ledger. E225 Finance has partnered with newly joined professional accounting volunteers that will donate services and assist with the expenditure process, bookkeeping, data entry, reporting and record keeping tasks. This will enhance the Finance department with its internal controls and reduce entry errors. In addition, management will restructure the privately funded budget that supports the TLP program to ensure the portion of its personnel costs are allocated proportionally, to the extent that TLP/Anchor house staff may adequately assist participants that may not be eligible under the TLP statuary grant limits but may be eligible under other program or wrap around service criteria.

2020-004 – Cash Management (SD/NC)

CFDA Title and Number: 93.550 – Transitional Living Program
Name of Federal Agency: Department of Health and Human Services
Grant No. 90CX7170-03-01 (9/30/2019 to 9/29/2020)
Project Period: 9/30/2017 to 9/29/2022
Compliance/Internal Control over Compliance: Cash Management

Criteria:
Non-federal entities must minimize the time elapsing between the transfer of funds from the U.S. Treasury or pass-through entity and disbursement by the non-federal entity for direct program or project costs and the proportionate share of allowable indirect costs, whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means (2 CFR section 200.305(b)).

Condition:
The Organization was awarded additional funding under the TLP project to prevent, prepare for, and respond to COVID-19. The Organization is generally paid via the expense reimbursement method; however, from time to time, the Organization receives advance payment of funds with prior approval from grant managers. The Organization received funds from the additional COVID-19 TLP award in advance of incurring expenses, the total of which were not expended for at least 3 months. As of December 31, 2020, the excess funds held by the Organization was $5,175.

Cause:
Monitoring procedures did not detect an excess of grant receipts over grant expenditures.

Effect:
At least three months elapsed from the receipt of the funds to the complete expenditure of the funds.

Questioned Costs:
None reported.

Recommendation:
Implement monitoring procedures to periodically compare overall grant receipts and overall grant expenditures.

Views of Responsible Officials:
E225 Finance continues to follow up with grant management for the official carry over approval of award 90CX7170-03-01 and eventually regain access to fund reimbursement.

2020-005 – Allowable Costs (SD)

CFDA Title and Number: 93.557 – Street Outreach Program
Name of Federal Agency: Department of Health and Human Services
Grant No: 90YO2318-02-00 (9/30/2019 to 12/31/2020); 90YO2318-03-00 (9/30/2019 to 9/29/2020); 90YO2318-02-01 (9/30/2020 to 9/29/2021)
Project Period: 9/30/2018 to 9/29/2021
Compliance/Internal Control over Compliance: Allowable Costs

Criteria, Condition, Cause, Effect:
Refer to Finding 2020-002 – Allocation of payroll costs.

Questioned Costs:
None reported

Recommendation:
Design and implement procedures to provide reasonable assurance that the costs for administrative and management level employees are allocated appropriately to federal awards. This may include requiring contemporary certifications from employees certifying that the allocations based on budgeted amounts correctly reflect time and effort spent performing allowed activities on each grant project.

Views of Responsible Officials:
E225 has implemented a payroll allocation policy that manages to provide reasonable assurance that administrative and management level employees are allocated appropriately to federal awards with the use of a periodic [at least quarterly] submission of an ‘after the fact’ certification by the employees to assert that their time and effort is dedicated reasonably to those charged federal awards.

2020-006 – Cash Management (SD/NC)

CFDA Title and Number: 93.557 – Street Outreach Program
Grant No: 90YO2318-02-00 (9/30/2019 to 12/31/2020); 90YO2318-03-00 (9/30/2019 to 9/29/2020);
Project Period: 9/30/2018 to 9/29/2021
Compliance/Internal Control over Compliance: Cash management

Criteria:
Non-federal entities must minimize the time elapsing between the transfer of funds from the U.S. Treasury or pass-through entity and disbursement by the non-federal entity for direct program or project costs and the proportionate share of allowable indirect costs, whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means (2 CFR section 200.305(b)).

Condition:
The Organization received an extension of the end of the budget period set to end on 9/30/2020 to 12/31/2020. Although the Organization is generally funded by expense reimbursements under the SOP award, with prior approval, the Organization received advance payment of the remaining funds in the extended 12/31/2020 budget period.

However, from 9/30/2020 to 12/31/2020, the Organization charged expenses to and was reimbursed from the subsequent budget period ending on 9/30/2021, rather than the extended budget period ending 12/31/2020. As a result, the Organization received reimbursement of expenses from the 9/30/20201 budget period for which it was already paid in advance from the extended 12/31/2020 budget period.

According to management, the Organization inadvertently charged expenses to the budget period ending 9/30/2021 rather than the extended budget period ending 12/31/2020. The Organization recorded an adjustment to its financial statement and to its accounting records to reclassify expenses from the 9/30/2021 budget period to the 12/31/2020 extended budget period. As a result of the adjustment, as of December 31, 2020, the Organization reported that the advance payment of funds from the 12/31/2020 extended budget period had been exhausted and receipts from the 9/30/2021 budget period exceeded expenditures from the 9/30/2021 budget period by $5,130.

Cause:
Monitoring procedures did not detect that costs were allocated to the wrong budget period, resulting in duplicate billing of the SOP award.

Effect:
The Organization maintained a surplus of receipts of funds from the SOP award over expenditures of the SOP award for at least three months during 2020.

Questioned Costs:
None reported

Recommendation:
Implement monitoring procedures that periodically evaluates whether receipts from each federal award for each budget period exceeds expenditures for each federal award for each budget year.

Views of Responsible Officials:
E225 Finance will implement improved monitoring procedures that will periodically assess ledger reports for proper class and account coding as well as budget period expenditures to ensure these expenditures remain in the approved budget period. E225 will enforce the timely submission from program staff of all expenditures executed with credit cards; this will support accurate recollection of transaction data and determine all expenditures fall in the correct budget period.
E225 Finance has partnered with newly joined professional accounting volunteers that will inkind work and assist with the expenditure process, bookkeeping, data entry, reporting and record keeping tasks. This will enhance the Finance department with its internal controls and reduce budget reporting errors.

2020-007 – Period of Performance / Cash Management (SD/NC)

CFDA Title and Number: 93.557 – Street Outreach Program
Grant No: 90YO2318-02-01 (9/30/2019 to 9/29/2020)
Project Period: 9/30/2018 to 9/29/2021
Compliance/Internal Control over Compliance: Period of Performance / Cash Management

Criteria:
Non-federal entities must minimize the time elapsing between the transfer of funds from the U.S. Treasury or pass-through entity and disbursement by the non-federal entity for direct program or project costs and the proportionate share of allowable indirect costs, whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means (2 CFR section 200.305(b)).

A non-federal entity may charge to the Federal award only allowable costs incurred by the end of the grant period.

Condition:
The Organization was awarded additional funding under the SOP project to prevent, prepare for, and respond to COVID-19. The Organization is generally paid via the expense reimbursement method; however, from time to time, the Organization receives advance payment of funds with prior approval from grant managers.

The budget period for the award of additional SOP funding related to COVID-19 was 9/30/2019 to 9/29/2020. However, the Organization received funds under this award in December 2020 related to costs incurred after the budget period ended, and by the end of 2020, the Organization had received approximately $1,451 in grant funds that it did not expend until 2021.

According to management, the Organization is normally locked out of the HHS Payment Management System at the end of the budget period, so management was not aware the budget period had ended. Upon discovery, management was advised by its grant manager to make a carryover request. However, the Organization has not yet made the carryover for the grant funds received and expended after the end of the budget period.

Cause:
Monitoring procedures did not detect that the budget period for the award had ended and that receipts from the award exceeded expenditures charged to the award.

Effect:
The Organization received receipt of and incurred expenditures of federal awards after the period of performance ended.

Questioned Costs:
None reported.

Recommendation:
Implement monitoring procedures that periodically evaluates whether receipts from each federal award for each budget period exceeds expenditures for each federal award for each budget year. Submit a carryover request for grant funds received and expended after the end of the budget period.

Views of Responsible Officials:
E225 will submit a carryover request for the amount of $1,207 to grant management for the expenditures incurred during 2021 of which $790 will be absorbed and recoded to other covid-19 class codes.

2020-001 – Recording in-kind contributions

Organization's Response: We concur.

View of responsible officials and corrective action:

E225 will implement a revamped submission process from the program staff [similar to the current expenditure process], to allow the finance team, not only to get accurately dated but also enter contemporaneously with the receipt thereof.

Name of Responsible Person: Hector Garcia
Name of Department Contact: Hector Garcia
Projected Implementation Date   August 1, 2021

2020-002 – Allocation of payroll costs

Organization's Response: We concur.

View of responsible officials and corrective action:

E225 has implemented a payroll allocation policy that manages to provide reasonable assurance that administrative and management level employees are allocated appropriately to federal awards with the use of a periodic [at least quarterly] submission of an 'after the fact' certification by the employees to assert that their time and effort is dedicated reasonably to those charged federal awards.

Name of Responsible Person: Hector Garcia
Name of Department Contact: Hector Garcia
Projected Implementation Date: August 1, 2021

2020-003 – Eligibility (SD/NC)

Organization's Response: We concur.

Views of Responsible Officials and Corrective Action:

Management will establish tighter verification methods subsequent to all bookkeeping entries from program expenditures pertaining to participant support, as well as during expenditure approval. This will ensure that correct class coding was selected during the expenditure process as well the during data entry process into the ledger. E225 Finance has partnered with newly joined professional accounting volunteers that will inkind work and assist with the expenditure process, bookkeeping, data entry, reporting and record keeping tasks. This will enhance the Finance department with its internal controls and reduce entry errors. In addition, management will restructure the privately funded budget that supports the TLP program to ensure the portion of its personnel costs are allocated proportionally, to the extent that TLP/Anchor house staff may adequately assist participants that may not be eligible under the TLP statuary grant limits, but may be eligible under other program or wrap around service criteria.

Name of Responsible Person: Hector Garcia
Name of Department Contact: Lawrence Morgan
Projected Implementation Date: August 1, 2021

2020-004 – Cash Management (SD/NC)

CFDA Title and Number: 93.550 – Transitional Living Program
Name of Federal Agency: Department of Health and Human Services
Grant No. 90CX7170-03-01 (9/30/2019 to 9/29/2020);

Organization's Response: We concur.

Views of Responsible Officials and Corrective Action:
E225 Finance continues to follow up with grant management for the official carry over approval of award 90CX7170-03-01 and eventually regain access to fund reimbursement.

Name of Responsible Person: Hector Garcia
Name of Department Contact: Lawrence Morgan
Projected Implementation Date: August 1, 2021

2020-005 – Allowable Costs (SD)

CFDA Title and Number: 93.557 – Street Outreach Program
Name of Federal Agency: Department of Health and Human Services
Grant No: 90YO2318-02-00 (9/30/2019 to 12/31/2020); 90YO2318-03-00 (9/30/2019 to 9/29/2020); 90YO2318-02-01 (9/30/2020 to 9/29/2021)

Organization's Response: We concur.

Views of Responsible Officials and Corrective Action:

E225 has implemented a payroll allocation policy that manages to provide reasonable assurance that administrative and management level employees are allocated appropriately to federal awards with the use of a periodic [at least quarterly] submission of an 'after the fact' certification by the employees to assert that their time and effort is dedicated reasonably to those charged federal awards.

Name of Responsible Person: Hector Garcia
Name of Department Contact: Charles Beemer
Projected Implementation Date: August 1, 2021

2020-006 – Cash Management (SD/NC)

CFDA Title and Number: 93.557 – Street Outreach Program
Grant No: 90YO2318-02-00 (9/30/2019 to 12/31/2020); 90YO2318-03-00 (9/30/2019 to 9/29/2020);

Response: We concur.

Views of Responsible Officials and Corrective Action:

E225 Finance will implement improved monitoring procedures that will periodically assess ledger reports for proper class and account coding as well as budget period expenditures to ensure these expenditures remain in the approved budget period. E225 will enforce the timely submission from program staff of all expenditures executed with credit cards; this will support accurate recollection of transaction data and determine all expenditures fall in the correct budget period.

E225 Finance has partnered with newly joined professional accounting volunteers that will inkind work and assist with the expenditure process, bookkeeping, data entry, reporting and record keeping tasks. This will enhance the Finance department with its internal controls and reduce budget reporting errors.

Name of Responsible Person: Hector Garcia
Name of Department Contact: Charles Beemer
Projected Implementation Date: Aug 1, 2021

2020-007 – Period of Performance / Cash Management (SD/NC)

CFDA Title and Number: 93.557 – Street Outreach Program
Grant No: 90YO2318-02-01 (9/30/2019 to 9/29/2020)
Organization's Response: We concur.

Views of Responsible Officials and Corrective Action:

E225 will submit a carryover request for the amount of $1,207 to grant management for the expenditures incurred during 2021 of which $790 will be absorbed and recoded to other covid-19 class codes.

Name of Responsible Person: Hector Garcia
Name of Department Contact: Charles Beemer
Projected Implementation Date: August 1, 2021

Empower 225
Baton Rouge, Louisiana
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2020

SECTION I – FINANCIAL STATEMENT FINDINGS

Finding 2019-001 – Health Benefits

Condition*:* This finding was a material noncompliance stating that the Organization didn't comply with certain provisions of the 21st Century Cures Act with respect to QSEHRAs, and therefore, was at risk for penalties associated with the health reimbursement arrangement provided to employees.

Current Status: Resolved. Effective for 2020, employers are eligible to offer Individual Coverage Health Reimbursement Arrangements (HRAs) to employees. Management believes we are materially in compliance with these requirements and will continue to work towards ensuring compliance with applicable laws.

Finding 2019-002 – Financial Statement preparation

Condition: The finding was a significant deficiency stating that significant deficiencies existed with respect to the preparation of financial statements.

Current Status*:* E225 engaged an external accounting specialist to assist with preparation of accounting records from which the auditor could prepare and then audit the December 31, 2020, financial statements. Based on our organization's size and resources, we feel it is most efficient to request the annual auditor prepare the financial statements. We will continue to work with external accounting specialists to assist with our internal control over preparation of accounting records and our role as management in the preparation of financial statements.

Finding 2019-003 – Chart of Accounts

Condition: The finding stated that significant deficiencies in internal control over preparation of financial statements existed relative to the presentation of the Organization's expenses by functional and natural classifications.

Current Status*:* Corrected.

Finding 2019-004 – Recording of in-kind contributions

Condition: The finding stated that a significant deficiency in internal control existed over the accounting for in-kind contribution of facilities, services, and other property.

Current Status*:* E225 is still in the process of developing and implementing procedures to assemble records of documentation of receipt for donated facilities, services, and other property in an efficient manner at regular intervals for recording in the general ledger throughout the year. E225 is in the process of implementing a revamped submission process from the program staff [similar to the current expenditure process], to allow the finance team, not only to get accurately dated but also enter contemporaneously with the receipt thereof.

SECTION II - FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

DEPARTMENT OF JUSTICE

Finding 2019-005, 16.543 – Missing Children's Assistance

Condition*:* This finding stated that procedures to document eligibility for this program were not effectively implemented.

Current Status*:* Resolved. Empower 225 no longer runs a program specific to the MCVP scope of services. However, if any more funding opportunities become available to run a similar program, Empower 225 will implement the proper procedures to capture eligibility data from its participants to be in compliance with its award requirements.

FINDING 2019-006, 16.543 – Missing Children's Assistance

Condition*:* This finding stated that funds were not expended prior to the end of the period of performance.

Current Status*:* Pending. We are in discussions with the awarding agency regarding Audit Finding 2019-007, at the conclusion of which we expect to return the amount indicated in the finding.

Finding 2019-007, 16.543 – Missing Children's Assistance

Condition*:* Pending. This finding stated that certain costs near the end of the grant project period and certain management and administrative payroll costs charged to the program were not adequately documented.

Current Status*:* We are in discussions with the awarding agency regarding this Audit Finding, at the conclusion of which, we anticipate that the questioned costs will not be disallowed.

Finding 2019-008, 14.267 – Continuum of Care

Condition: This finding stated that costs were incurred outside the grant period for individual grants awarded as part of the CoC program.

Current Status: Corrected.

Finding 2019-009, 14.267 – Continuum of Care

Condition: This finding stated that costs were incurred outside the grant period for individual grants awarded as part of the CoC program.

Current Status: Corrected.

Finding 2019-010, 14.267 – Continuum of Care

Condition: This finding stated that we did not implement procedures to provide reasonable assurance regarding the matching requirement on the CoC award and did not document sufficient cash expenditures or in-kind contributions to meet the match requirement.

Current Status: Resolved. E225 performed an assessment to ensure all committed match amounts required by the grant guidelines are achievable. E225 is still in the process of developing and implementing procedures to assemble records of documentation of receipt for donated facilities, services, and other property in an efficient manner at regular intervals for recording in the general ledger throughout the year. Also, E225 is in the process of implementing a revamped submission process from the program staff [similar to the current expenditure process], to allow the finance team, not only to get accurately dated but also enter contemporaneously with the receipt thereof.

Finding 2019-011, 14.267 – Continuum of Care

Condition: This finding stated that administrative costs exceeded the 10% threshold for this award.

Current Status: Corrected. E225 is has implemented a periodic verification process to ensure that the threshold does not exceed every time a cost reimbursement is drawn down.