

**Hope Connections, Inc.
Shreveport, Louisiana**

Financial Statements

As of and for the Years Ended December 31, 2021 and 2020

Hope Connections, Inc.

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Independent Auditors' Report

To the Board of Directors
Hope Connections, Inc.
Shreveport, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hope Connections, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hope Connections, Inc. (a nonprofit organization) as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hope Connections, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hope Connections, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information schedule shown on page 17 is presented for the purpose of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, shown on page 16, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2022, on our consideration of the Hope Connections, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial

reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hope Connections, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hope Connections, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cook & Morehart". The signature is written in a cursive, flowing style.

Cook & Morehart
Certified Public Accountants
June 21, 2022

Hope Connections, Inc.
 Statements of Financial Position
 December 31, 2021 and 2020

Assets	2021	2020
Current assets:		
Cash	\$ 50,774	\$ 54,927
Grants receivable	403,552	173,137
Accounts receivable	13,835	13,558
Total current assets	<u>468,161</u>	<u>241,622</u>
Property and equipment:		
Depreciable property and equipment, net	922,929	960,760
Non-depreciable property and equipment	120,370	55,417
Net property and equipment	<u>1,043,299</u>	<u>1,016,177</u>
Total Assets	<u>\$ 1,511,460</u>	<u>\$ 1,257,799</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	77,095	30,443
Accrued expenses	28,700	13,801
Line of credit	51,594	
Loan payable		135,500
Total current liabilities	<u>157,389</u>	<u>179,744</u>
Net assets:		
With donor restrictions	66,899	
Without donor restrictions	1,287,172	1,078,055
Total net assets	<u>1,354,071</u>	<u>1,078,055</u>
Total Liabilities and Net Assets	<u>\$ 1,511,460</u>	<u>\$ 1,257,799</u>

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

Hope Connections, Inc.
Statement of Activities
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues and Other Support:			
Government grants	\$ 1,237,946	\$	\$ 1,237,946
Miscellaneous grants	13,039	20,899	33,938
Contributions and donations	120,678	46,000	166,678
Fee for services	101,254		101,254
Rental income	7,700		7,700
Gain on forgiveness of loan	135,500		135,500
Miscellaneous revenues	333		333
	<u>1,616,450</u>	<u>66,899</u>	<u>1,683,349</u>
Expenses:			
Program services	1,234,365		1,234,365
General administration	172,968		172,968
	<u>1,407,333</u>	<u></u>	<u>1,407,333</u>
Changes in net assets	209,117	66,899	276,016
Net assets, beginning of year	<u>1,078,055</u>	<u></u>	<u>1,078,055</u>
Net assets, end of year	<u>\$ 1,287,172</u>	<u>\$ 66,899</u>	<u>\$ 1,354,071</u>

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

Hope Connections, Inc.
Statement of Activities
For the Year Ended December 31, 2020

	Without Donor Restrictions
Revenues and Other Support:	
Government grants	\$ 833,188
Miscellaneous grants	2,901
Contributions and donations	75,768
Fee for services	101,410
Miscellaneous revenues	9,026
Total revenues and other support	1,022,293
Expenses:	
Program services	893,142
General administration	146,267
Total expenses	1,039,409
Changes in net assets	(17,116)
Net assets, beginning of year	1,095,171
Net assets, end of year	\$ 1,078,055

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

Hope Connections, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services							Supporting Services		
	Continuum of Care (HMIS)	Projects for Assistance in Transition from Homelessness (PATH)	Continuum of Care Planning	Continuum of Care Support (CAP)	Caddo Parish Commission	Emergency Solutions Grants (ESG)	Other Program Services	Total Program	General and Administrative	Total
Salaries	\$ 41,852	\$ 82,251	\$ 104,717	\$ 110,435	\$	\$ 345,201	\$ 22,424	\$ 706,880	\$ 82,720	\$ 789,600
Fringe benefits	2,082	6,650	6,141	7,886		30,748	3,893	57,400	38,915	96,315
Travel and meetings	160	518				717		1,395	6,454	7,849
Occupancy	19,610	851			1,549	24,146	5,627	51,783	2,500	54,283
Insurance		8,741				5,445	4,309	18,495		18,495
Telephone		2,673					10,376	13,049	884	13,933
Vehicle operation		6,367				7,282	674	14,323		14,323
Supplies		3,774			589	2,745	6,575	13,683		13,683
Repairs and maintenance						28,106	10,838	38,944		38,944
Professional services						79,859	1,416	81,275	31,838	113,113
Interest expense							1,350	1,350		1,350
Miscellaneous	450	1,422		918		21,103	37,469	61,362		61,362
Client services					12,066	110,525	14,005	136,596	9,657	146,253
Depreciation expense	2,247	4,534	5,281	5,418		18,136	2,214	37,830		37,830
Total Expenses	\$ 66,401	\$ 117,781	\$ 116,139	\$ 124,657	\$ 14,204	\$ 674,013	\$ 121,170	\$ 1,234,365	\$ 172,968	\$ 1,407,333

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

Hope Connections, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services							Supporting Services		
	Continuum of Care (HMIS)	Projects for Assistance in Transition from Homelessness (PATH)	Continuum of Care Planning	Continuum of Care Support (CAP)	Caddo Parish Commission	Emergency Solutions Grants (ESG)	Other Program Services	Total Program	General and Administrative	Total
Salaries	\$ 37,294	\$ 93,416	\$ 95,922	\$ 104,407	\$	\$ 215,594	\$ 30,841	\$ 577,474	\$ 80,048	\$ 657,522
Fringe benefits	3,952	12,520	15,295	12,325		10,263	3,606	57,961	25,646	83,607
Travel and meetings		1,245						1,245	1,225	2,470
Occupancy		2,304				34,993	31,247	68,544		68,544
Telephone		2,093					11,775	13,868	1,045	14,913
Vehicle operation		1,485				1,444		2,929		2,929
Supplies		1,652	425		1,220	24,192	8,051	35,540	2,706	38,246
Professional services							8,544	8,544	35,597	44,141
Miscellaneous		1,618					2,663	4,281		4,281
Client services	19,607				14,918	31,427	17,701	83,653		83,653
Depreciation expense	2,464	5,556	6,005	7,761		13,482	3,835	39,103		39,103
Total Expenses	\$ 63,317	\$ 121,889	\$ 117,647	\$ 124,493	\$ 16,138	\$ 331,395	\$ 118,263	\$ 893,142	\$ 146,267	\$ 1,039,409

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

Hope Connections, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2021, and 2020

	2021	2020
Operating Activities		
Change in net assets	\$ 276,016	\$ (17,116)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	37,830	39,103
Gain on forgiveness of loan	(135,500)	
(Increase) decrease in operating assets:		
Grants receivable	(230,415)	(109,580)
Accounts receivable	(277)	(2,604)
Prepaid insurance		2,324
Increase (decrease) in operating liabilities:		
Accounts payable	55,107	6,132
Accrued expenses	16,019	(26,575)
Net cash provided by (used in) operating activities	<u>18,780</u>	<u>(108,316)</u>
Investing Activities		
Payments for property and equipment	<u>(74,527)</u>	<u>(20,735)</u>
Net cash (used in) investing activities	<u>(74,527)</u>	<u>(20,735)</u>
Financing Activities		
Proceeds from note payable		135,500
Proceeds from line of credit	<u>51,594</u>	
Net cash provided by financing activities	<u>51,594</u>	<u>135,500</u>
Net increase (decrease) in cash and cash equivalents	(4,153)	6,449
Cash as of beginning of year	<u>54,927</u>	<u>48,478</u>
Cash as of end of year	<u>\$ 50,774</u>	<u>\$ 54,927</u>
Acquisition of property		
Cost of property and equipment	\$ 84,527	\$ 40,310
Trade account payable	<u>(10,000)</u>	<u>(19,575)</u>
Cash down payment for property and equipment	<u>\$ 74,527</u>	<u>\$ 20,735</u>
Supplemental disclosures:		
Cash paid for interest	<u>\$ 1,350</u>	<u>\$</u>

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

Hope Connections, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Hope Connections, Inc., (HOPE) is a nonprofit corporation under the laws of the State of Louisiana. HOPE is governed by a board of directors composed of 8 members. HOPE was established to help meet the housing and service needs of the homeless in Northwest Louisiana and help transition them to self-sufficiency. The following programs, with their approximate percentage of total revenues for the year ended December 31, 2021 indicated, are administered by HOPE:

Continuum of Care Homeless Management Information System (HMIS) (5%) - Provides administrative support, national reporting, and regional training for the Homeless Management Information System that is used by all homeless programs in Northwest Louisiana. Funding is provided by federal funds from the Dept. of Housing and Urban Development.

Projects for Assistance in Transition from Homelessness (PATH) (8%) – Provides street outreach to those experiencing homelessness that live in camps, abandoned buildings, cars, etc. in an attempt to get them connected to housing and services. Funding is provided by federal funds passed through the Northwest Louisiana Human Service District.

Continuum of Care Planning Activities (Planning) (7%) - Provides regional administrative support, project monitoring, and grants management for the HUD Continuum of Care program and homeless system in Northwest Louisiana. Funding is provided by federal funds from the Department of Housing and Urban Development.

Continuum of Care Supportive Services (CAP) (8%) – Provides assessments, document collection, data entry, and housing referrals for those experiencing homelessness in Northwest Louisiana. Funding is provided by federal funds from the Department of Housing and Urban Development.

Caddo Parish (1%) - Provides client supplies for HOPE's Safe Haven Shelter. Funding is provided from the Caddo Parish Commission.

Community Development Block Grant (5%) - Provides client supplies for HOPE's Safe Haven Shelter. Funding is provided by federal funds from the Department of Housing and Urban Development passed through the Louisiana Housing Corporation.

Emergency Solutions Grants (ESG) (42%) - Provides additional funding for HMIS and direct services for those experiencing homelessness such as Safe Haven Shelter operations, Day Shelter operations, and Street Outreach. ESG funding is provided by federal funds from the Department of Housing and Urban Development, passed through the City of Shreveport and the Louisiana Housing Corporation. Additional funding was also provided by federal funds through the CARES Act, also passed through the City of Shreveport and Louisiana Housing Corporation.

Other Program Services (24%) – Provides payment of necessary agency expenses not specifically attributable to a grant/contract operated by the agency. Funding is provided by various donations and fees for services.

B. Basis of Accounting

The financial statements of HOPE have been prepared on the accrual basis of accounting.

(Continued)

Hope Connections, Inc.
Notes to Financial Statements
December 31, 2021 and 2020
(Continued)

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards. Under those standards, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the organization. These net assets may be used at the discretion of HOPE's management and the board of directors.

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

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. HOPE has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

D. Income Tax Status

HOPE is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code, and therefore, is not subject to income taxes. However, income from certain activities not directly related to HOPE's tax-exempt purpose is subject to taxation as unrelated business income. HOPE had no such income for this audit period. The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ended December 31, 2018, 2019, 2020, and 2021 are subject to examination by the IRS, generally three years after they were filed.

E. Use of Estimates

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

F. Cash and Cash Equivalents

HOPE's cash, as stated for cash flow purposes, consists of interest bearing and non-interest bearing bank accounts. HOPE has no other assets that are considered cash equivalents.

G. Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The State of Louisiana and the federal government have a reversionary interest in property purchased with state and federal funds. Its disposition as well as the ownership of any proceeds there from is subject to state and federal regulations.

(Continued)

Hope Connections, Inc.
Notes to Financial Statements
December 31, 2021 and 2020
(Continued)

H. Contributions

Contributions received are recorded as increase in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (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. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

I. Compensated Absences

Full-time employees receive a set amount of paid time off (PTO) determined by longevity. Unused PTO does not carry over to the next year and is not paid at separation. Thus, for the year ended December 31, 2021 and 2020, there were no employee leave benefits requiring recognition.

J. Functional Allocation of Expense

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs are directly charged to the function they benefit. Facility related and supportive services expenses are allocated to each function based upon management's equitable determination.

(2) Concentrations of Credit Risk

Financial instruments that potentially subject HOPE to concentrations of credit risk consist principally of temporary cash investments, accounts receivable, and grants receivable. Concentrations of credit risk with respect to accounts receivable are limited due to these amounts being due from coalition member agencies – fee for services arrangements. Concentrations of credit risk with respect to grants receivable are limited due to these amounts being due from governmental agencies under contractual terms. HOPE maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At December 31, 2021 and 2020, total cash balances held at financial institutions was \$31,727 and \$58,182, respectively. All of the balances held at financial institutions were secured by FDIC.

(3) Grants Receivable

Various funding sources provide reimbursement of allowable costs and payment on units of service in connection with providing services under contracts or agreements. This balance represents amounts due from funding sources at December 31, 2021 and 2020, but received after those dates. Management has determined that the allowance for bad debts is not material.

(Continued)

Hope Connections, Inc.
Notes to Financial Statements
December 31, 2021 and 2020
(Continued)

(4) Liquidity and Availability of Financial Assets

HOPE monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. HOPE has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses without limitations:

Financial assets at year-end:	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 50,774	\$ 54,927
Grant and accounts receivables	<u>417,387</u>	<u>186,695</u>
Total financial assets	468,161	241,622
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>(66,899)</u>	<u> </u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 401,262</u>	<u>\$ 241,622</u>

In addition to financial assets available to meet general expenditures over the coming year, HOPE operates with a balanced budget and anticipates covering its general expenditures using the income generated from contractual agreements with governmental agencies and contributions. The Statement of Cash Flows identifies the sources and uses of HOPE's cash and shows positive cash generated by operations of \$18,780 for fiscal year ending December 31, 2021, and negative cash used in operations of \$108,316 for fiscal year ending December 31, 2020, respectively. Hope also has a line of credit in the amount of \$300,000 to be used during construction of a new facility.

(5) Property and Equipment

Property and equipment consisted of the following at December 31, 2021 and 2020:

	Estimated Depreciable Life	<u>2021</u>	<u>2020</u>
Land	n/a	\$ 35,842	\$ 35,842
Construction in process		<u>84,528</u>	<u>19,575</u>
Total non-depreciable property and equipment		120,370	55,417
Buildings and improvements	20–30 years	1,151,264	1,151,264
Vehicles	5 years	51,211	51,211
Furniture and fixtures	5–7 years	38,004	38,004
Equipment	5–7 years	28,819	28,819
Accumulated depreciation		<u>(346,369)</u>	<u>(308,538)</u>
Total depreciable property and equipment		<u>922,929</u>	<u>960,760</u>
Net investment in property and equipment		<u>\$ 1,043,299</u>	<u>\$ 1,016,177</u>

Depreciation expense for the years ended December 31, 2021 and 2020 was \$37,830 and \$39,103, respectively.

(Continued)

Hope Connections, Inc.
Notes to Financial Statements
December 31, 2021 and 2020
(Continued)

(6) Net Assets

Net assets at December 31, 2021 and 2020, consisted of the following:

	2021	2020
Net Assets Without Donor Restrictions:		
Undesignated	\$ 253,873	\$ 61,878
Net investment in property and equipment	1,033,299	1,016,177
Total net assets without donor restrictions	1,287,172	1,078,055
Net Assets With Donor Restrictions:		
Restricted for safe haven shelter	66,899	
Total net assets with donor restrictions	66,899	
Total Net Assets	\$1,354,071	\$ 1,078,055

(7) Contractual Revenue – Grants

During the years ended December 31, 2021 and 2020, HOPE received contractual revenue from federal and state grants in the amount of \$1,237,946 and \$833,188, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(8) Leases

HOPE leases certain equipment under operating leases. The rental costs on these leases for the years ended December 31, 2021 and 2020 were \$2,439 and \$1,968, respectively. Commitments under lease agreements having initial or remaining non-cancellable terms in excess of one year are as follows:

For the Year Ending December 31,	
2022	\$ 1,776
2023	1,776
2024	1,776
2025	1,776
2026	370
Total minimum future rentals	\$ 7,474

(9) Accrued Expenses

Accrued expenses at December 31, 2021 and 2020 consisted of the following:

	2021	2020
Accrued salaries	\$ 12,216	\$ 12,985
Payroll related benefits	16,484	816
	\$ 28,700	\$ 13,801

(Continued)

Hope Connections, Inc.
Notes to Financial Statements
December 31, 2021 and 2020
(Continued)

(10) Loan Payable

In April 2020, HOPE received loan proceeds in the amount of approximately \$135,500 under the Paycheck Protection Program ("PPP"). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The loan and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. Hope Connections, Inc. intends to use the proceeds for purposes consistent with the PPP.

In June 2021, HOPE received loan forgiveness in the amount of \$135,500, for the April 2020 "PPP" loan. This amount is reported in revenues, gains and other support section on the statement of activities for the year ended December 31, 2021, as gain on forgiveness of loan.

(11) Line of Credit

In January of 2021, Hope obtained a line of credit in the amount of \$175,000; the line of credit was subsequently increased to \$300,000 in August of 2021. The line of credit is to be used for construction of a new Safe Haven Shelter. The line of credit has a variable interest rate based upon the Wall Street Journal Prime Rate, which was 3.25% at December 31, 2021. The balance on the line of credit as of December 31, 2021 was \$51,594 and has a maturity date of August 6, 2022. The line of credit is secured by certain real estate owned by HOPE.

Interest expense incurred on the line of credit for the year ended December 31, 2021 was \$1,350.

(12) Uncertainty

As a result of the COVID-19 Coronavirus, economic uncertainties have arisen which may negatively impact financial resources. While the duration on the economic impact is expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimated at this time.

(13) Commitment

During 2020, HOPE was awarded grant funds from the U.S. Department of Housing and Urban Development – Community Development Block Grant Program – Disaster Recovery, through the Louisiana Housing Corporation. The grant award of \$1,750,000 is for the purpose of implementing certain shelter operations and case management services for people experiencing homelessness. HOPE intends to use the funds to construct a new Safe Haven Shelter. As of December 31, 2021, HOPE had a signed contract for architecture services and construction for the project totaling \$2,056,300. Total amount incurred as of December 31, 2021 was \$78,728 with the balance of approximately \$1,977,572 to be incurred subsequent to December 31, 2021.

(14) Subsequent Events

Subsequent events have been evaluated through June 21, 2022, the date the financial statements were available to be issued.

Hope Connections, Inc.
Shreveport, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Grantor / Pass-Through Grantor / Program Title	Federal Assistance Listing Number	Project Number	Passed Through to Subrecipients	Expenditures
<u>U.S. Department of Housing and Urban Development</u>				
Direct Programs:				
Continuum of Care Program - Supportive Services	14.267	LA0043L6H021912 & LA0043L6H022013	\$	\$ 127,585
Continuum of Care Program - Planning Activities	14.267	LA0339L6H021900 & LA0363L6H022000		116,693
Continuum of Care Program - Homeless Management Information System	14.267	LA0248L6H021904 & LA0248L6H022005		70,499
Passed through the City of Shreveport				
Covid -19 Emergency Solutions Grant Program	14.231	201-ESG-CV-005		165,059
Passed through the Louisiana Housing Corporation				
Covid - 19 Emergency Solutions Grant Program - Homeless Management Information System	14.231	Unknown		15,442
Covid -19 Emergency Solutions Grant Program	14.231	Unknown	87,105	511,819
Passed through the Louisiana Housing Corporation				
Community Development Block Grant - Disaster Relief	14.228	Unknown		75,228
Total U.S. Department of Housing and Urban Development			<u>87,105</u>	<u>1,082,325</u>
<u>U.S. Department of Health and Human Services</u>				
Passed through the Northwest Louisiana Human Services District				
Emergency Food Assistance Program				
Projects for Assistance in Transition from Homelessness (PATH)	93.150	Unknown		76,388
Total U.S. Department of Health and Human Services				<u>76,388</u>
Total Expenditures of Federal Awards			<u>\$ 87,105</u>	<u>\$ 1,158,713</u>

NOTE 1: The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Hope Connections Inc., under programs of the federal government for the year ended December 31, 2021. 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 the Hope Connections Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Hope Connections Inc.

NOTE 2: Hope Connections Inc. does not utilize an indirect cost rate.

NOTE 3: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

Hope Connections, Inc.
Shreveport, Louisiana
Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended December 31, 2021

Agency Head: Christa Pazzaglia, Chief Executive Officer

The following payments were made from public funds:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 55,271

COOK & MOREHART

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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 Auditors' Report

To the Board of Directors
Hope Connections, Inc.
Shreveport, 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 Hope Connections, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 June 21, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hope Connections, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hope Connections, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Hope Connections, Inc.'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

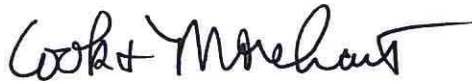
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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.



Cook & Morehart
Certified Public Accountants
June 21, 2022

COOK & MOREHART

Certified Public Accountants

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Report on Compliance for Each Major Program and on Internal Control Over Compliance Required By the Uniform Guidance

Independent Auditors' Report

To the Board of Directors
Hope Connections, Inc.
Shreveport, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hope Connections, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Hope Connections, Inc.'s major federal programs for the year ended December 31, 2021. Hope Connections, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Hope Connections, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibility under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Hope Connections, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Hope Connections, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Hope Connections, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Hope Connections, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Hope Connections, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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


Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Cook & Morehart". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Cook & Morehart
Certified Public Accountants
June 21, 2022

Hope Connections, Inc.
Shreveport, Louisiana
Summary Schedule of Prior Audit Findings
December 31, 2021

There were no findings for the prior year audit for the year ended December 31, 2020.

Schedule of Findings and Questioned Costs
December 31, 2021

A. Summary of Audit Results

Financial Statements

Type of audit report issued : Unmodified

Internal control over financial reporting :

Material weaknesses identified :	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiencies identified :	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported

Noncompliance material to financial statements noted :

<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
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Federal Awards

Internal control over major programs :

Material weaknesses identified :	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiencies identified :	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported

Type of auditors' report issued on compliance for major federal programs : Unmodified

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

<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
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Identification of major federal programs :

Emergency Solutions Grant Program - Assistance Listing #14.231

Dollar threshold used to distinguish between type A and type B programs : \$750,000

Auditee qualified as low risk :	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
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B. Findings – Financial Statements Audit: None

C. Findings and Questioned Costs – Major Federal Award Programs Audit: None

Hope Connections, Inc.
Summary Schedule of Prior Audit Findings
Schedule for the Louisiana Legislative Auditor
December 31, 2021

There were no findings or questioned costs for the prior year audit period ended December 31, 2020.

Corrective Action Plan for Current Year Audit Findings
Schedule for the Louisiana Legislative Auditor
December 31, 2021

There are no findings or questioned costs for the current year audit period ended December 31, 2021.

COOK & MOREHART

Certified Public Accountants

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Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Directors
Hope Connections, Inc.
Shreveport, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. The Hope Connection, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Hope Connection, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collection for each type of revenue or agency fund additions.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statutes (R.S.)42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosures/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Management provided written policies and procedures addressing all of the above, as applicable.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The Board of Directors of Hope Connections met in accordance with the agency's bylaws.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

The minutes of the Board of Directors referenced and included financial activity relating to public funds.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period

referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Hope Connections is not a governmental entity.

Bank Reconciliations

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

Management provided the requested information, along with management's representation that the listing is complete.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Bank reconciliations selected included evidence that they were prepared within 2 months of the related statement closing date.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Bank reconciliations selected included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

There were no reconciling items that have been outstanding for more than 12 months from the statement closing date.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Management provided the requested information, along with management's representation that the listing is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Each person responsible for collecting cash does not share cash drawers, was not responsible for preparing/making deposits, unless another employee is responsible for reconciling collection documentation to the deposit, was not responsible for posting collection entries to the general ledger or subsidiary ledgers; and was not responsible for reconciling cash collection to the general ledger and/or subsidiary ledger, except as noted below:

Exceptions: The person responsible for collecting cash is also responsible for preparing deposits, posting collection entries to the general ledger.

Management's Response: Hope will work to develop additional controls over the collection process, to include appropriate segregation of duties and review and reconciliation of collection documentation by an individual not involved in the collection process.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

All employees are covered by a blanket insurance policy for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

The deposits selected for testing were traced to the deposit slip, the deposit slip total was located on the bank statement, the deposit was made within one business day, and the actual deposit was traced to the general ledger. Hope does not utilize pre-numbered receipts.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Management provided the requested information, along with management's representation that the listing is complete.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Hope's written policies and procedures and employee job duties provide for segregation of duties as noted above.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Management provided the requested information, along with management's representation that the listing is complete. For the transactions selected for testing, the disbursements matched the related original invoice and included evidence of segregation of duties.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Management provided the requested information, along with management's representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

For each card selected for testing, there were attributes indicating that someone other than the authorized card holder reviewed and approved the monthly statements and supporting documentation for the items selected for testing, except for noted below:

Exception: One of the debit cards tested was approved by the authorized card holder.

Management's Response: Management will put procedures in place to ensure that debit/credit card statements are reviewed and approved by someone other than the authorized card holder.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

None of the statements selected for testing contained finance charges and or late fees.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing)14. For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny. For each transaction, report whether the transaction is supported by:

- 1) An original itemized receipt (i.e., identifies precisely what was purchased)

Transactions tested were supported by original itemized receipts, except as noted below:

Exception: There were three missing receipts totaling \$116.98.

Management's Response: Management will put procedures in place to ensure that all credit card transactions are supported by an original itemized receipt.

- 2) Written documentation of the business/public purpose.

Transactions tested were supported with the business purpose documentation

- 3) Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No other documentation is required by Hope's written credit card policy.

Travel and Expense Reimbursement (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Management provided the requested information, along with management's representation that the listing is complete. There were no travel reimbursements for the year ended December 31, 2021.

Contracts

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

The contracts selected for testing were not subject to the Louisiana Bid Law.

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

The contracts selected for testing were all approved in accordance with Hope Connection's policies and procedures.

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

None of the contracts selected for testing were amended during the testing period.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

The payment selected for testing selected from each of the vendor contracts was supported by invoices that agreed to the terms and conditions of the contract.

Payroll and Personnel

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Management provided the requested information, along with management's representation that the listing is complete. For the 5 employees selected for testing, the paid salaries agreed with the authorized salaries/pay rates in the personnel files.

- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
Daily attendance and leave was documented for the employees selected for testing.
 - b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
For the transactions selected for testing, supervisors approved the attendance and leave.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
For the transactions selected for testing, Hope maintained written leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
For the transactions selected for testing, the rate of pay to the employees agreed to the authorized salary/pay rate found within the personnel file.
18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
The termination payments selected for testing were in agreement with related documentation and were calculated correctly.
19. Obtain management's representation that employer and employee portions of third party payroll-related amounts (payroll taxes, retirement contributions, health insurance premiums, garnishments, and workers' compensation premiums, etc.) have been paid, and associated forms have been filed by required deadlines.
Management provided representation that employer and employee portions of third party payroll related amounts, payroll taxes, retirement contributions, health insurance premiums, garnishments, and workers' compensation premiums, have been paid, and any associated forms have been filed, by required deadlines.

Ethics

Not applicable to nonprofit organizations.

Debt Service

Not applicable to nonprofit organizations.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management represented that there were no misappropriations of public funds and assets during the fiscal period.

24. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds

We observed that Hope has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud waste, or abuse of public funds.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

Sexual Harassment

Not applicable to Hope Connections.

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

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

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

A handwritten signature in black ink, appearing to read "Cook & Morehart". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Cook & Morehart
Certified Public Accountants
June 29, 2022