GRACE OUTREACH CENTER

FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020

Sean M. Bruno
Certified Public Accountants, LLC

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Sean M. Bruno
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Grace Outreach Center
New Orleans, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the **Grace Outreach Center (the Center)** (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 the 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.

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INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

Auditor's Responsibility, Continued

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 **the Center** as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits and other payments to agency head or chief executive officer (Statement C) on page 19 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 November 17, 2021 on my consideration of **the Center'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 solely 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 effectiveness of **the Center'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 **the Center's** internal control over financial reporting and compliance.

Sean M. Bruno

SEAN M. BRUNO
CERTIFIED PUBLIC ACCOUNTANTS, LLC
New Orleans, Louisiana

November 17, 2021

GRACE OUTREACH CENTER
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020

ASSETS

Cash and cash equivalents (NOTES 2 and 7)	$ 155,990
Receivables (NOTES 4 and 7)	131,040
Deposits (NOTE 7)	4,415
Fixed assets net of accumulated depreciation of $112,398 (NOTES 2 and 3)	249,249
Total assets	$ 540,694

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	$ 117,826
Loans payable – short-term	603
Loans payable – long-term (NOTES 5, 6 and 7)	205,301
Total liabilities	323,730
Net Assets (NOTE 2):	
Without donor restrictions	216,964
With donor restriction	-0-
Total net assets	216,964
Total liabilities and net assets	$ 540,694

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

GRACE OUTREACH CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:			
Program service revenue	$ 1,592,716	$ -	$ 1,592,716
PPP loan forgiveness (NOTE 12)	175,259	-	175,259
Other Income	11,565	-	11,565
Contributions	-	-	-
Total revenue and support	1,779,540	-	1,779,540
Expenses: (NOTE 2)			
Program services	1,143,059	-	1,143,059
Support services	443,318	-	443,318
Total expenses	1,586,377	-	1,586,377
Changes in net assets	193,163	-	193,163
Net Assets:			
Beginning of year	23,801	-	23,801
End of year	$ 216,964	$ -	$ 216,964

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

GRACE OUTREACH CENTER
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services	Support Services	Total
Leased employees	$ 433,730	$ 431,666	$ 865,396
Contract services	175,512	-	175,512
Utilities	89,695	-	89,695
Supplies	84,253	-	84,253
Rent	84,000	-	84,000
Repairs and maintenance	40,973	-	40,973
Insurance	38,329	-	38,329
Meals and entertainment	34,089	-	34,089
Subcontractor and labor	21,161	-	21,161
Depreciation expense	17,771	-	17,771
Client related expenses	17,437	-	17,437
Accounting fees	16,115	-	16,115
Telephone and internet services	13,210	2,620	15,830
Storage	12,778	-	12,778
Automobile repair and maintenance	12,129	-	12,129
Other	11,670	-	11,670
Property taxes	11,352	-	11,352
Janitorial fees	9,588	-	9,588
Computer and internet	6,905	-	6,905
Automobile fuel	4,625	-	4,625
Professional fees	4,024	-	4,024
Bank fees and interest	-	2,240	2,240
Administrative support	2,163	-	2,163
Uniforms	-	1,854	1,854
Employee benefits	-	1,572	1,572
License, permits and fees	-	1,563	1,563
Travel	1,550	-	1,550
Payroll	-	1,379	1,379
Postage	-	424	424
	$ 1,143,059	$ 443,318	$ 1,586,377

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

GRACE OUTREACH CENTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in net assets	$ 193,163
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	17,771
Decrease in accounts receivables	27,442
Increase in accounts payable	7,542
Decrease in short-term loans payable	(53,483)
Net cash provided by operating activities	192,435
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(234,045)
Net cash used in investing activities	(234,045)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from note payable	205,301
Principal payments on notes payable	(19,101)
Net cash used in financing activities	186,200
Net increase in cash and cash equivalents	144,590
Cash and cash equivalents - January 1, 2020	11,400
Cash and cash equivalents - December 31, 2020	$ 155,990

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

NOTE 1 - ORGANIZATION

Grace Outreach Center (the Center) is a non-profit organization, which serves as a faith-based intensive outpatient treatment and residential facility that provides a variety of services to adults with addictive disorders in the New Orleans area to assist them in maintaining a lifestyle free from the harmful effects of addiction.

Basis of Accounting

The financial statements of **the Center** have been prepared on the accrual basis of accounting under which revenues recorded when earned and expenses recorded when the liabilities incurred.

Basis Presentation

For the year ended December 31, 2020, **the Center** followed the requirements of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, in the presentation of its financial statements. The purpose of the FASB ASC 2016-04 is to improve the financial reporting of those entities. Among other provisions, this ASC reduces the number of classes of net assets from three to two, requiring the presentation of expenses in both natural and functional classifications, and requiring additional disclosures concerning liquidity and the availability of financial resources. This standard is effective for fiscal years beginning after December 31, 2017 and requires the use of the retrospective transition method. **The Center** adopted this standard for the year ended December 31, 2020 and its implementation is reflected in the financial statements.

A description of the two net asset categories is as follows:

Net Assets Without Donor Restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in it corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

NOTE 1 - ORGANIZATION, CONTINUED

Net Assets With Donor Restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

At December 31, 2020, **the Center** did not have any Net Assets With Donor Restrictions.

Contributions

The Center accounts for contributions in accordance with FASB ASC Section 958-605, *Not-for-Profit Entities*, *Revenue Recognition*, accounting for contributions received and contributions made. In accordance with FASB ASC Section 958-605, contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenues are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and represented in the Statement of Activities as net assets released from restrictions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expense by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. The expenses that are allocated including depreciation, personnel costs, professional services, office expense, information technology, insurance, and other, which are allocated on the basis of estimates of time and effort.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Cash and Cash Equivalents

Cash consist solely of demand deposits that are secured by federal deposit insurance up to $250,000. All highly liquid debt instruments purchased with an original maturity of three (3) months or less are considered to be cash equivalents for purposes of the Statement of Cash Flows. All deposits are secured by federal deposit insurance at December 31, 2020.

Fixed Assets

Fixed assets that exceed $1,000 are recorded at cost (or fair market value for donated assets) and are depreciated using the straight-line method over the estimated useful lives of the related assets, which vary from five to seven years.

Income Taxes

The Center is a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provisions for federal or state income taxes have been recorded in the accompanying financial statements.

Should **the Center's** tax status be challenged in the future, the 2017, 2018, and 2019 tax returns are open for examination by the IRS.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Fair Values of Financial Institutions

Generally accepted accounting principles require disclosure of fair value information about financial instruments for which it is practicable to estimate fair value, whether or not recognized in the Statement of Financial Position. Cash and cash equivalents carrying amounts are reported in the Statement of Financial Position at approximate fair values because of the short maturities of those instruments.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which clarifies the principles for recognizing revenue from contracts with customers and supersedes most current revenue recognition guidance. Under ASU 2014-09, which does not apply to financial instruments, the new accounting guidance is effective for annual reporting periods beginning after December 15, 2017, with early adoption permitted for annual reporting periods beginning after December 15, 2016. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 for all entities by one year. **The Center** has implemented ASU-2014-09 and has adjusted the presentation of the financial statements accordingly.

In January 2016, the FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*. The ASU amendments include changes related to how certain equity investments are measured, how changes are recognized in the fair value of certain financial liabilities measured under the fair value option, and how financial assets and liabilities are disclosed and presented on **the Center's** financial statements. Additionally, the ASU will also require entities to present financial assets and financial liabilities separately, grouped by measurement category and form of financial asset in the statement of financial position or in the accompanying notes to the financial statements. Entities will also no longer have to disclose the methods and significant assumptions for financial instruments measured at amortized cost but will be required to measure such instruments under the "exit price" notion for disclosure purposes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Recently Issued Accounting Pronouncements, Continued

The ASU is effective for annual periods beginning after December 15, 2018, with early adoption permitted only as of annual reporting periods beginning after December 15, 2017. **The Center** has implemented the ASU 2016-01 and has adjusted the presentation of the financial statements accordingly.

In November 2019, the FASB issued ASU 2019-10, *Financial Instruments – Credits Losses (Topic 326), Derivative and Hedging (Topic 815) and Leases (Topic 842) which amended ASU 2016-02.* This ASU amends the codification regarding leases in order to increase transparency and comparability. The ASU requires companies to recognize lease assets and liabilities on the statement of financial position and disclose key information about leasing arrangements. A lessee would recognize a liability to make lease payments and a right-of-use asset representing its right to use the leased asset for the lease term. The ASU is effective for annual periods beginning after December 15, 2020 with early adoption permitted. In June 2020, the FASB issued ASU 2020-05, which amends the effective date of the standards on Topic 842 to give immediate relief to certain entities as a result of the widespread adverse economic effects and business disruptions caused by the coronavirus disease 2019 (COVID-19) pandemic. The Board deferred the effective date of Topic 842 for private companies, private-not-for-profit entities, and public non-for-profit entities. The deferral only applies if those entities have not yet issued their financial statements (or made their financial statements available for issuance) as of June 3, 2020. **The Center** expects to adopt ASU 2020-05 for fiscal years beginning after December 15, 2021 but does not believe that this standard will have a material impact or its financial statements or disclosures.

In August 2016, the FASB issued Accounting Standards Update (ASU) ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, which significantly changes the presentation requirements for financial statements of not-for-profit entities. The amendments are intended to improve the guidance on net asset classification as well as the information presented in the financial statements and notes regarding liquidity, financial performance and cash flows for not-for-profit entities. Specifically, the ASU: 1) reduces complexity and improves understandability of net asset classifications, 2) improves transparency and utility of information regarding

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Recently Issued Accounting Pronouncements, Continued

an entity's liquidity, 3) improves consistency in the type of information provided about expenses, and 4) improves consistency in the reporting of operating cash flows in the statement of cash flows. The ASU is effective for annual periods beginning after December 15, 2017. **The Center** has implemented ASU 2016-14 and has adjusted the presentation of the financial statements accordingly.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230), Restricted Cash.* The amendments in this Update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The amendments in this Update are effective for nonpublic entities for annual periods beginning after December 15, 2018, with early adoption permitted. **The Center** does not expect the new guidance to have a material impact on **the Center's** financial statements.

NOTE 3 - FIXED ASSETS

Changes in the net book value of furniture and fixtures costs and vehicles during the year ended December 31, 2020 were as follows:

Description	Balance January 1, 2020	Additions/ Deletions	Balance December 31, 2020
Furniture and fixtures	$ 10,949	$ 1,288	$ 12,237
Vehicles	116,653	232,757	349,410
Accumulated depreciation	(94,627)	(17,771)	(112,398)
Total	$ 32,975	$ (216,274)	$ 249,249

Depreciation expense totaled $17,771 for the year ended December 31, 2020.

NOTE 4 - RECEIVABLES

Receivables consist of funds due from the Department of Health and Hospitals - Office Behavioral Health - East Louisiana Mental Health totaling $131,040.

NOTE 5 - LOANS PAYABLE – LONG-TERM

A summary of loans payable – long-term is as follows:

Secured loan with a lending institution bearing 0% interest with a monthly principal and interest payment of $987 maturing April 2026.	$ 64,130
Secured loan with a lending institution bearing 0% interest with a monthly principal and interest payment of $1,092 maturing June 2026.	72,050
Secured loan with a lending institution bearing 5.9% interest with a monthly principal and interest payment of $1,145 maturing December 2026.	69,121
Total Loans Payable at December 31, 2020	$ 205,301

NOTE 6 - CONTINGENCY AND COMMITTMENTS

The Center is the recipient of social service contract funds from various sources. These agreements are governed by various guidelines, regulations, and contractual agreements.

The administration of the programs and activities funded by these agreements are under the control and administration of **the Center** and are subject to audit and/or review by the applicable funding sources. Any programs compliance requirements found not to be properly conducted in accordance with the terms, conditions, and regulations of the funding source may be subject to recapture.

The Center has entered into contractual arrangements with certain individuals to provide operational and professional services. Such contracts vary in length of time depending on services.

NOTE 7 - FAIR VALUES OF FINANCIAL INSTRUMENTS

In accordance with FASB ASC Topic 820, *Fair Value Measurements and Disclosures,* fair value is defined as the price that **the Center** would receive to sell an asset or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market the most advantageous market for the asset or liability. ASC Topic 820 established a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to established classification of fair value measurements for disclosure purposes.

NOTE 7 - FAIR VALUES OF FINANCIAL INSTRUMENTS, CONTINUED

Various inputs are used in determining the value of **the Center's** assets or liabilities. The inputs are summarized in the three broad levels listed below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that **the Center** has the ability to access.

Level 2 - Inputs to the valuation methodology including (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets or liabilities in inactive markets; (3) inputs other than quoted prices that are observable for the asset or liability; and (4) inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Pricing inputs are unobservable for the investment and include situations where there is little, if any market activity.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. **The Center's** assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

All investments are considered to be Level 1 investments.

NOTE 7 - FAIR VALUES OF FINANCIAL INSTRUMENTS, CONTINUED:

The following table summarizes the valuation of **the Center's** financial instruments measured at fair value by the above ASC Topic 820 fair value hierarchy levels as of December 31, 2020 are as follows:

	Carrying Value	Fair Value
Cash and cash equivalents	$ 155,990	$ 155,990
Receivables	131,040	131,040
Deposits	4,415	4,415
Loans payable - short-term	603	603
Loans payable – long-term	380,560	380,560

NOTE 8 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject **the Center** to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions. At December 31, 2020, **the Center** had cash and cash equivalents in the bank totaling $167,181.

These deposits are stated at cost, which approximates market. Interest and non-interest-bearing deposits are secured from risk by $250,000 of federal deposit insurance. As of December 31, 2020, **the Center** deposits were within the FDIC limits.

NOTE 9 - RISK MANAGEMENT

The Center is exposed to various risks of loss to torts, theft of, damage to and destruction of assets, for which **the Center** carries commercial liability insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 10 - BOARD COMPENSATION

The Board of Directors of **the Center** is a voluntary board; therefore, no compensation was paid to any board member during the year ended December 31, 2020.

NOTE 11 - PERSONNEL SERVICES

Personnel services are provided to **the Center** by utilizing leased employees. **The Center** contracts with a 3rd party servicer, an employee leasing company to perform certain aspects of its human resource functions including hiring staff selected by **the Center** and providing contracted benefits to those employees. The leased employees provide personnel services to **the Center**, which are reimbursed in full to the employee leasing company by **the Center.**

NOTE 12 - PAYCHEX PROTECTION PROGRAM (PPP) LOAN FORGIVENESS

On March 27, 2020, the President of the United States signed the Coronavirus Aid, Relief and Economic Security (the "CARES ACT"), which, among other things, outlines the provisions of the Paycheck Protection Program (the "PPP"). **The Center** determined that it met the criteria to be eligible to obtain a loan under the PPP because, among other reasons, in light of COVID-19 outbreak and the uncertainty of economic conditions related thereto, the loan was necessary to support **the Center's** ongoing operations. Under the PPP, **the Center** could obtain a U. S. Small Business Administration loan in an amount equal to the average of **the Center's** monthly payroll costs (as defined under the PPP) for calendar year 2019 multiplied by 2.5 (approximately 10 weeks of payroll costs). Section 1106 of the CARES ACT contained provisions for the forgiveness of all or a portion of a PPP loan, subject to the satisfaction of certain requirements. The amount eligible for forgiveness is, subject to certain limitations: the sum of **the Center's** payroll costs, rent and utilities paid **the Center** during the eight-week period beginning on the funding date of the PPP loan. **The Center** received $175,529 in PPP loan funds and used the entire loan amount for qualified expenses. On December 18, 2020, **the Center** received communications from the U. S. Small Business Administration awarding forgiveness of the full PPP loan. The PPP loan has been paid off and no further action required from **the Center.**

NOTE 13 - SUBSEQUENT EVENTS

The Center is required to evaluate events or transactions that may occur after the Statement of Financial Position date for potential recognition or disclosure in the financial statements. **The Center** performed such an evaluation through November 17, 2021, the date which the financial statements were available to be issued.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. Although it is unknown how long these conditions will last and what the complete financial consequences will be, to date, the Organization has not experienced an adverse financial impact due to the coronavirus outbreak. However, it is likely that the financial statements will be affected by declining revenue in the 2021 fiscal year.

No other subsequent events occurring after November 17, 2021 have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

GRACE OUTREACH CENTER
(A NON PROFIT CORPORATION)
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER (STATEMENT C)
FOR THE YEAR ENDED DECEMBER 31, 2020

Agency Head Name, Title: Pythian Noah, Executive Director

PURPOSE	AMOUNT
Salary	$ 131,600
Benefits-insurance	19,186
Benefits-retirements	6,264
Car allowance	-
Vehicle provided by government (enter amount reported on W-2)	-
Per diem	-
Reimbursements	90,434
Travel	-
Registration fees	-
Conference travel	-
Housing	-
Unvouchered expenses (example: travel advances, etc.)	-
Special meals	5,719
Other	-

Member
American Institute of
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Society of Louisiana
Certified Public Accountants

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*

To the Board of Directors
Grace Outreach Center
New Orleans, 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 **Grace Outreach Center (the Center)** (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, and have issued my report thereon dated November 17, 2021.

Internal Control Over Financial Reporting

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

Internal Control Over Financial Reporting, Continued

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. 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **the Center'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 determination of financial statement amounts. 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 matter 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 my 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Sean M. Bruno

SEAN M. BRUNO
CERTIFIED PUBLIC ACCOUNTANTS, LLC
New Orleans, Louisiana

November 17, 2021

SECTION I SUMMARY OF INDEPENDENT AUDITORS' REPORTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of **the Center**.

2. No material weakness in internal control relating to the audit of the financial statements was reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards.*

3. No instance of noncompliance material to the financial statements of **the Center** were reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards.*

4. A management letter was issued for the year ended December 31, 2020.

SECTION II FINANCIAL STATEMENT FINDINGS

None noted.

SECTION II FINANCIAL STATEMENT FINDINGS, CONTINUED

None noted.