

**Providence House
Shreveport, Louisiana**

Financial Statements

As of and for the Years Ended December 31, 2022 and 2021

Providence House

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Independent Auditors' Report

To the Board of Directors
Providence House

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Providence House (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of Providence House (a nonprofit organization) as of December 31, 2022 and 2021, 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 (*Government Auditing Standards*). 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 Providence House 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 Providence House'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 Providence House'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 Providence House's ability to continue as a going concern for a reasonable period of time.

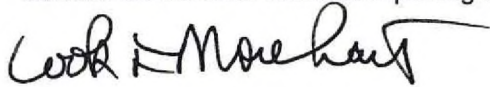
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head 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 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 28, 2023, on our consideration of the Providence House'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 Providence House'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 Providence House's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Cook & Morehart", with a long horizontal flourish extending to the right.

Cook & Morehart
Certified Public Accountants
June 28, 2023

Providence House
Statements of Financial Position
December 31, 2022 and 2021

| | 2022 | 2021 |
|--|------------------|------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,778,214 | \$ 492,049 |
| Grant receivables | 91,430 | 99,299 |
| Total current assets | 1,869,644 | 591,348 |
| Other assets: | | |
| Cash restricted - resettlement funds | 3,271 | 3,371 |
| Cash surrender value of life insurance | 892,311 | 829,604 |
| Total other assets | 895,582 | 832,975 |
| Property and equipment | 3,496,377 | 3,461,418 |
| Accumulated depreciation | (2,395,765) | (2,315,384) |
| Net property and equipment | 1,100,612 | 1,146,034 |
| Finance lease equipment | 17,580 | |
| Accumulated depreciation | (2,442) | |
| Net finance lease equipment | 15,138 | |
| Total Assets | \$ 3,880,976 | \$ 2,570,357 |
| Liabilities and Net Assets | | |
| Current liabilities: | | |
| Accounts payable | \$ 19,861 | \$ 31,665 |
| Accrued expenses | 48,150 | 22,744 |
| Current portion finance lease liability | 5,702 | |
| Current portion long-term debt | | 20,972 |
| Total current liabilities | 73,713 | 75,381 |
| Long-term debt | | 284,295 |
| Long-term finance lease liability | 9,539 | |
| Note payable - Economic Injury Disaster Loan | 150,000 | 150,000 |
| Escrowed resettlement funds | 3,271 | 3,371 |
| Total liabilities | 236,523 | 513,047 |
| Net assets | | |
| With donor restrictions | 62,624 | 86,893 |
| Without donor restrictions | 3,581,829 | 1,970,417 |
| Total net assets | 3,644,453 | 2,057,310 |
| Total Liabilities and Net Assets | \$ 3,880,976 | \$ 2,570,357 |

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

Providence House
Statement of Activities
For the Year Ended December 31, 2022

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|---------------------|
| Revenues and Other Support: | | | |
| Contractual revenue – grants | \$ 1,292,930 | \$ | \$ 1,292,930 |
| Donations and contributions | 2,444,006 | 25,000 | 2,469,006 |
| Other income | 107,766 | | 107,766 |
| Interest income | 1,623 | | 1,623 |
| Net assets released from restrictions: | | | |
| Restrictions satisfied by expending funds for the purpose intended | <u>49,269</u> | <u>(49,269)</u> | <u></u> |
| Total revenues and other support | <u>3,895,594</u> | <u>(24,269)</u> | <u>3,871,325</u> |
| Functional Expenses: | | | |
| Program services | 1,722,040 | | 1,722,040 |
| General administration | 371,904 | | 371,904 |
| Fund-raising | <u>190,238</u> | | <u>190,238</u> |
| Total operating expenses | <u>2,284,182</u> | | <u>2,284,182</u> |
| Change in net assets | 1,611,412 | (24,269) | 1,587,143 |
| Net assets, beginning of year | <u>1,970,417</u> | <u>86,893</u> | <u>2,057,310</u> |
| Net assets, end of year | <u>\$ 3,581,829</u> | <u>\$ 62,624</u> | <u>\$ 3,644,453</u> |

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

Providence House
Statement of Activities
For the Year Ended December 31, 2021

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|---------------------|
| Revenues and Other Support: | | | |
| Contractual revenue – grants | \$ 851,215 | \$ | \$ 851,215 |
| Donations and contributions | 1,291,002 | 11,500 | 1,302,502 |
| Other income | 90,644 | | 90,644 |
| Net assets released from restrictions: | | | |
| Restrictions satisfied by expending funds for the purpose intended | <u>21,093</u> | <u>(21,093)</u> | <u></u> |
| Total revenues and other support | <u>2,253,954</u> | <u>(9,593)</u> | <u>2,244,361</u> |
| Functional Expenses: | | | |
| Program services | 1,549,530 | | 1,549,530 |
| General administration | 247,142 | | 247,142 |
| Fund-raising | <u>214,317</u> | | <u>214,317</u> |
| Total operating expenses | <u>2,010,989</u> | | <u>2,010,989</u> |
| Change in net assets | 242,965 | (9,593) | 233,372 |
| Net assets, beginning of year | <u>1,727,452</u> | <u>96,486</u> | <u>1,823,938</u> |
| Net assets, end of year | <u>\$ 1,970,417</u> | <u>\$ 86,893</u> | <u>\$ 2,057,310</u> |

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

Providence House
Statement of Functional Expenses
For the Year Ended December 31, 2022

| Expenses: | Program Services | General Administration | Fund Raising | Total |
|--|---------------------|---------------------------|-------------------|---------------------|
| Salaries and wages | \$ 941,487 | \$ 230,201 | \$ 90,269 | \$ 1,261,957 |
| Employee benefits | 20,322 | 5,080 | 1,337 | 26,739 |
| Payroll taxes and workers compensation | 86,747 | 21,687 | 5,707 | 114,141 |
| Office expense | 24,770 | 3,445 | 3,859 | 32,074 |
| Legal and accounting | | 16,200 | | 16,200 |
| Telephone | 5,176 | 5,028 | 829 | 11,033 |
| Utilities | 75,863 | 4,629 | 2,032 | 82,524 |
| Printing | | 5,486 | 515 | 6,001 |
| Insurance | 41,089 | 5,446 | 2,970 | 49,505 |
| Repairs and maintenance | 67,909 | 2,560 | 2,883 | 73,352 |
| Vehicles | 9,165 | 574 | | 9,739 |
| Resident expenses | 60,826 | | | 60,826 |
| Resident graduation program | 70 | | | 70 |
| Special events | | | 52,750 | 52,750 |
| Homeless prevention program | 253,005 | | | 253,005 |
| Travel and training | 3,062 | 1,800 | 564 | 5,426 |
| Public relations and advertising | | | 10,897 | 10,897 |
| Computer maintenance | 6,588 | 13,742 | 4,548 | 24,878 |
| Other | 5,194 | 16,121 | 1,094 | 22,409 |
| Dues and subscriptions | 980 | 3,888 | 95 | 4,963 |
| Website expense | | | 1,377 | 1,377 |
| Educational fees and supplies | 9,468 | 179 | | 9,647 |
| Security | 382 | 322 | 86 | 790 |
| Bank and other fees | 2,904 | 1,470 | | 4,374 |
| Interest expense | | 25,620 | | 25,620 |
| Depreciation | 107,033 | 8,426 | 8,426 | 123,885 |
| Total expenses | \$ 1,722,040 | \$ 371,904 | \$ 190,238 | \$ 2,284,182 |

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

Providence House
Statement of Functional Expenses
For the Year Ended December 31, 2021

| Expenses: | <u>Program Services</u> | <u>General Administration</u> | <u>Fund Raising</u> | <u>Total</u> |
|--|-----------------------------|-----------------------------------|--------------------------|----------------------------|
| Salaries and wages | \$ 886,686 | \$ 142,706 | \$ 162,103 | \$ 1,191,495 |
| Employee benefits | 16,425 | 5,871 | 5,743 | 28,039 |
| Payroll taxes and workers compensation | 92,378 | 13,071 | 15,823 | 121,272 |
| Office expense | 13,129 | 3,063 | 1,200 | 17,392 |
| Legal and accounting | | 19,263 | | 19,263 |
| Telephone | 5,298 | 1,100 | 682 | 7,080 |
| Utilities | 74,858 | 1,595 | 2,798 | 79,251 |
| Printing | 308 | 1,039 | 1,753 | 3,100 |
| Insurance | 35,187 | 4,655 | 2,705 | 42,547 |
| Repairs and maintenance | 40,077 | 3,682 | 600 | 44,359 |
| Vehicles | 22,564 | 1,044 | | 23,608 |
| Resident transportation program | 2,635 | | | 2,635 |
| Resident expenses | 85,703 | | | 85,703 |
| Resident graduation program | 139 | | | 139 |
| Uniforms | 6,643 | | | 6,643 |
| Work to learn program | 1,134 | | | 1,134 |
| Homeless prevention program | 139,586 | | | 139,586 |
| Travel and training | 595 | | 129 | 724 |
| Public relations and advertising | | 132 | 9,532 | 9,664 |
| Computer maintenance | 12,878 | | | 12,878 |
| Other | 5,490 | 18,440 | 2,797 | 26,727 |
| Dues and subscriptions | 65 | 4,822 | 165 | 5,052 |
| Website expense | | | 1,218 | 1,218 |
| Interest expense | | 19,590 | | 19,590 |
| Depreciation | 107,752 | 7,069 | 7,069 | 121,890 |
| Total expenses | <u>\$ 1,549,530</u> | <u>\$ 247,142</u> | <u>\$ 214,317</u> | <u>\$ 2,010,989</u> |

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

Providence House
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

| | 2022 | 2021 |
|---|--------------|------------|
| Operating Activities | | |
| Change in net assets | \$ 1,587,143 | \$ 233,372 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 123,885 | 121,890 |
| Donated vehicle | | (15,800) |
| (Increase) decrease in cash surrender value of life insurance | (62,707) | (151,050) |
| (Increase) decrease in operating assets: | | |
| Grant receivables | 7,869 | (10,384) |
| Prepaid expenses | | 21,586 |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable | (11,804) | (3,462) |
| Accrued expenses | 25,406 | (45,030) |
| Refundable advance | | (27,420) |
| Escrowed resettlement funds | (100) | 604 |
| Net cash provided by operating activities | 1,669,692 | 124,306 |
| Investing Activities | | |
| Purchase of property and equipment | (76,021) | |
| Net cash (used in) investing activities | (76,021) | |
| Financing Activities | | |
| Payments on finance lease liability | (2,339) | |
| Proceeds (Payments) on loans payable | (305,267) | 3,600 |
| Payments on loans payable | | (15,640) |
| Net cash (used in) financing activities | (307,606) | (12,040) |
| Net increase in cash and cash equivalents | 1,286,065 | 112,266 |
| Cash, cash equivalents and restricted cash beginning of year | 495,420 | 383,154 |
| Cash, cash equivalents and restricted cash end of year | \$ 1,781,485 | \$ 495,420 |
| Reconciliation of cash, cash equivalents, and restricted cash: | | |
| Cash and cash equivalents | \$ 1,778,214 | \$ 492,049 |
| Restricted cash | 3,271 | 3,371 |
| Cash, cash equivalents, and restricted cash, end of year | \$ 1,781,485 | \$ 495,420 |
| Supplemental Disclosure | | |
| Cash paid for interest expense | \$ 21,495 | \$ 15,483 |
| Fixed assets acquired through accounts payable | \$ | \$ 27,541 |
| Fixed asset acquired through finance lease liability | \$ 17,580 | \$ |

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

Providence House
Notes to Financial Statements
December 31, 2022 and 2021

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Providence House is a nonprofit corporation organized under the laws of the State of Louisiana. Providence House was established to provide housing services, training, employment and opportunities for breaking the cycle of homelessness. The support for Providence House comes primarily from private donations and grants.

Approximately 35–45% of total revenues consist of contractual revenue of federal and state funds. A brief description of the programs – contracts which are funded with those federal and state funds are listed:

Emergency Solutions Grants Program – Provides funds to assist in maintaining a shelter and providing permanent housing for homeless families. Funding is provided by federal funds passed through the City of Shreveport.

Emergency Food and Shelter – Provides funds to assist in emergency shelter for homeless families. Funding is provided by federal funds passed through the local EF&S Board.

Children's Trust Fund – Provides funds to assist homeless children to aid in the prevention of child abuse and neglect. Specifically to implement a resource support system to provide emotional, medical, educational and recreational support services for homeless children. Funding is provided by federal and state funds passed through the State of Louisiana, Department of Children and Family Services.

TANF – Provides education and literacy services, employment training, life skills training, counseling, children's program, budgeting, housing/shelter, childcare, meals, transportation, and other services to enable adults and their children to begin again. Funding is provided by federal funds passed through the State of Louisiana, Department of Children and Family Services.

CACFP – Provides a food service program to children who are residents of the homeless shelter. Funding is provided by federal funds passed through the State of Louisiana, Department of Education.

B. Basis of Accounting

The financial statements of Providence House have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Providence House
Notes to Financial Statements
December 31, 2022 and 2021
(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 Providence House'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 Providence House 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. Providence House has adopted a policy to classify donor restricted contributions as without donor restriction to the extent that donor restrictions are met in the year the contribution was received.

D. 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.

E. Cash and Cash Equivalents

Cash equivalents, as stated for cash flow purposes, consist of cash, certificates of deposit, and money market accounts. Certain items, which meet the definition of cash equivalents but are designated by the Board, are included in investments.

F. Property and Equipment

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 funding sources and the federal government may have a reversionary interest in certain property purchased with those funds. Its disposition as well as the ownership of any proceeds therefrom is subject to certain funding source regulations. Expenditures for property and equipment of \$2,500 or more are capitalized.

(Continued)

Providence House
Notes to Financial Statements
December 31, 2022 and 2021
(Continued)

G. 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 or 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.

H. Income Tax Status

Providence House is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the organization's tax-exempt purpose is subject to taxation as unrelated business income. Providence House had no such income during this audit period. The Form 990, "Return of Organization Exempt from Income Taxes", for Providence House for the years ended December 31, 2019, 2020, 2021, and 2022 are subject to examination by the IRS, generally for three years after they were filed.

I. Retirement Plan

Providence House established a profit-sharing plan with a 401(k) option for eligible employees. The name of the plan is Providence House Retirement Plan. The plan shall cover only employees having completed at least one year of service and having attained age 21. The employer contribution amount is determined by appropriate action of the Employer as of the time prescribed by law. There were no employer contribution amounts paid by Providence House for the years ended December 31, 2022 and 2021.

J. Donated Assets

Non-cash donations are recorded as contributions at their estimated fair value at the date of donation.

K. Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair market value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions.

L. Functional Expenses

The costs of providing certain activities of Providence House have been summarized on a functional basis in the statement of activities and in the statement of functional expense. Accordingly, certain costs have been allocated among programs and supported services benefited. Costs are directly charged to the functions they benefit. Facility related and supportive services expenses are allocated to each function based upon managements equitable determination.

(Continued)

Providence House
Notes to Financial Statements
December 31, 2022 and 2021
(Continued)

(2) Adoption of New Accounting Pronouncement

Effective January 1, 2021, Providence House adopted FASB ASC 842, *Leases*. Providence House determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

The adoption of FASB ASC 842 resulted in the recognition of financing right-of-use-assets and financing lease liabilities. Results for periods beginning prior to January 1, 2021 continue to be reported in accordance with our historical accounting treatment. The adoption of FASB ASC 842 did not have a material impact on the Organization's statement of activities, cash flows or debt covenants.

(3) Concentrations of Credit Risk

Financial instruments that potentially subject Providence House to concentrations of credit risk consist principally of temporary cash investments, and grant receivables.

Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of December 31, 2022 and 2021, Providence House had no significant concentrations of credit risk in relation to grant receivables.

Providence House maintains cash balances at local financial institutions. Accounts at those institutions are insured by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2022, total cash balances held at financial institutions was \$1,829,829. Of this amount \$254,236 was secured by FDIC, and the remaining \$1,575,593 was unsecured. At December 31, 2021 total cash balances at financial institutions was \$534,869. Of this amount \$282,244 was secured by FDIC, and the remaining \$252,625 was unsecured.

(4) Grant Receivables

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from the funding sources at December 31, 2022 and 2021 but not received until after those dates.

(5) Restricted Cash – Resettlement Funds

The balance represents funds held by Providence House on behalf of the tenants of Providence House. Providence House has implemented a program whereby the tenants agree to escrow–deposit a certain percent of their support – wages into this account as they receive those funds. Upon graduation and/or leaving the shelter those funds will be distributed to the tenant or retained by Providence House. This amount is also shown as escrowed resettlement funds in the liability section on the statement of financial position.

(Continued)

Providence House
Notes to Financial Statements
December 31, 2022 and 2021
(Continued)

(6) Fixed Assets

A summary of fixed assets as of December 31, 2022 follows:

| | Estimated Useful Life | Cost / Basis | Accumulated Depreciation |
|------------------------|--------------------------|---------------------|-----------------------------|
| Land | N/A | \$ 117,830 | \$ - |
| Buildings | 15-30 years | 1,125,795 | 781,847 |
| Building improvements | 7-25 years | 2,058,008 | 1,441,347 |
| Furniture & fixtures | 5-10 years | 9,181 | 9,181 |
| Office equipment | 3-7 years | 6,962 | 6,962 |
| Kitchen equipment | 5-7 years | 19,157 | 12,286 |
| Playground equipment | 5-10 years | 124,973 | 119,151 |
| Classroom computer lab | 5 years | 1,655 | 1,655 |
| Vehicles | 5-7 years | 32,816 | 23,336 |
| | | <u>\$ 3,496,377</u> | <u>\$ 2,395,765</u> |

Depreciation expense for the year ended December 31, 2022 was \$123,885.

A summary of fixed assets as of December 31, 2021 follows:

| | Estimated Useful Life | Cost / Basis | Accumulated Depreciation |
|------------------------|--------------------------|---------------------|-----------------------------|
| Land | N/A | \$ 117,830 | \$ - |
| Buildings | 15-30 years | 1,125,795 | 749,650 |
| Building improvements | 7-25 years | 1,981,988 | 1,359,197 |
| Furniture & fixtures | 5-10 years | 9,181 | 9,181 |
| Office equipment | 3-7 years | 48,023 | 48,023 |
| Kitchen equipment | 5-7 years | 19,157 | 10,760 |
| Playground equipment | 5-10 years | 124,973 | 116,742 |
| Classroom computer lab | 5 years | 1,655 | 1,655 |
| Vehicles | 5-7 years | 32,816 | 20,176 |
| | | <u>\$ 3,461,418</u> | <u>\$ 2,315,384</u> |

Depreciation expense for the year ended December 31, 2021 was \$121,890.

(7) Cash Surrender Value of Life Insurance

Providence House is the owner and beneficiary of life insurance policies on the lives of certain supporters of the organization with a net cash surrender value at December 31, 2021 was \$829,604, after policy loans of \$75,490. The net cash surrender value at December 31, 2022 was \$892,311, with no policy loans outstanding at December 31, 2022.

(Continued)

- Providence House
Notes to Financial Statements
December 31, 2022 and 2021
(Continued)

(8) Net Assets

| | 2022 | 2021 |
|---|--------------|--------------|
| Net Assets Without Donor Restrictions: | | |
| Undesignated | \$ 2,481,320 | \$ 824,383 |
| Net investment in property and equipment | 1,100,509 | 1,146,034 |
| Total net assets without donor restrictions | 3,581,829 | 1,970,417 |
| Net Assets With Donor Restrictions: | | |
| Subject to expenditures for specified purpose - | | |
| Restricted for back to school | 1,094 | 1,094 |
| Restricted for workforce development | 15,191 | 23,641 |
| Restricted for kid zone | | 24,500 |
| Restricted for building repair and maintenance | 25,000 | 14,607 |
| Restricted other | 21,339 | 23,051 |
| Total net assets with donor restrictions | 62,624 | 86,893 |
| Total Net Assets | \$ 3,644,453 | \$ 2,057,310 |

(9) Liquidity and Availability of Financial Assets

Providence House 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. Providence House has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses without limitations:

| | 2022 | 2021 |
|---|--------------|------------|
| Financial assets at year-end: | | |
| Cash and cash equivalents | \$ 1,778,214 | \$ 492,049 |
| Grant receivables | 91,430 | 99,299 |
| Cash restricted for resettlement funds | 3,271 | 3,371 |
| Total financial assets | 1,872,915 | 594,719 |
| Less amounts not available to be used within one year: | | |
| Net assets with donor restrictions | (62,624) | (86,893) |
| Cash restricted for resettlement funds | (3,271) | (3,371) |
| Financial assets available to meet cash needs for general expenditures within one year | \$ 1,807,020 | \$ 504,455 |

In addition to financial assets available to meet general expenditures over the year, Providence House anticipates covering its general expenditures using the income generated from contractual agreements and contributions. To assist in managing liquidity, Providence House maintains a line of credit of \$150,000 with a bank that is drawn upon as needed during the year to assist in managing cash flow. See Note 15 for further description of this line of credit. Providence House also has cash surrender value of life insurance at December 31, 2022 and 2021 of \$892,311 and \$829,604, respectively that could be utilized to assist in managing cash flow. The Statement of Cash Flows identifies the sources and uses of Providence House's cash and shows positive cash flow from operating activities for the years ended December 31, 2022 and 2021 of \$1,669,692 and \$124,306, respectively.

(Continued)

Providence House
Notes to Financial Statements
December 31, 2022 and 2021
(Continued)

(10) Contractual Revenue – Grants

Revenues shown as contracts with governmental agencies for the years ended December 31, 2022 and 2021 consist of the following:

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|-------------------|
| City of Shreveport and Bossier City – ESG | \$ 199,967 | \$ 226,867 |
| Emergency Food and Shelter Program | | 16,000 |
| Childrens Trust Fund | 45,266 | 22,218 |
| Caddo Parish Commission | 35,979 | 26,843 |
| Children and Adult Care Food Program | 48,439 | 36,094 |
| TANF | 423,841 | 424,820 |
| Child Care Assistance and vouchers | 249,274 | 98,373 |
| Government grant – ERC | <u>290,164</u> | |
| | <u>\$ 1,292,930</u> | <u>\$ 851,215</u> |

The continued existence of these funds is based on annual contract renewals with various funding sources.

Employee Retention Credit Recognition

Providence House qualifies for the Employee Retention Credit (ERC) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and further amended. Providence House has reported \$290,164, included in the contracted revenue-grants, in the Statement of Activities for the year ended December 31, 2022 for the ERC.

(11) Accrued Expenses

An analysis of Providence House's accrued expenses at December 31, 2022 and 2021 are as follows:

| | <u>2022</u> | <u>2021</u> |
|--------------------------------------|------------------|------------------|
| Payroll taxes and other withholdings | \$ 16,738 | \$ 337 |
| Salaries and wages | 20,902 | 16,022 |
| Interest payable | <u>10,510</u> | <u>6,385</u> |
| | <u>\$ 48,150</u> | <u>\$ 22,744</u> |

(12) Note Payable – Long-Term Debt

Long-term debt at December 31, 2022 and 2021 consisted of the following:

| | <u>2022</u> | <u>2021</u> |
|--|-------------|-------------------|
| Note payable to a bank, due in monthly installments of \$2,809, including interest at 4.25%, for fifty-nine months, with final payment due June, 2026. The loan is secured by real estate owned by Providence House. | \$ | \$ 305,267 |
| Current portion of long-term debt | () | (20,972) |
| Noncurrent portion of long-term debt | <u>\$</u> | <u>\$ 284,295</u> |

(Continued)

Providence House
Notes to Financial Statements
December 31, 2022 and 2021
(Continued)

(13) Note Payable – Economic Injury Disaster Loan (“EIDL”)

In June 2020, Providence House received loan proceeds totaling \$150,000 under the Economic Injury Disaster Loan Program (“EIDL”). The loan will accrue interest at the rate of 2.75% per annum. Installment payment, including principal and interest, of \$641 monthly, will begin thirty (30) months from the date of the promissory note. Each payment will be applied first to accrued interest to the date of receipt of each payment, and the balance, if any, will be applied to principal. The balance of principal and interest will be payable thirty (30) years from the date of the promissory note. Providence House grants a security interest to the U.S. Small Business Administration of all tangible and intangible personal property.

Approximate maturities of the loan are as follows:

| <u>Year Ended December 31,</u> | <u>Amount</u> |
|------------------------------------|-------------------|
| 2023 | \$ – |
| 2024 | – |
| 2025 | 1,033 |
| 2026 | 3,641 |
| 2027 | 3,742 |
| After 2027 | <u>141,584</u> |
| | <u>\$ 150,000</u> |

(14) Leases

Providence House entered into a financing lease during 2022 for certain office equipment. The financing lease had a commencement date of August 1, 2022 with thirty-six (36) monthly payments of \$520. The interest rate utilized on the financing lease is 4.25%. The financing lease is secured by a security interest in the equipment. Details of the finance lease as of December 31, 2022 is as follows:

Financing Lease

| | |
|-----------------------------|-----------------|
| Finance lease equipment | \$17,580 |
| Accumulated depreciation | <u>(2,442)</u> |
| Net finance lease equipment | <u>\$15,138</u> |

The maturities of the finance lease liability is as follows:

| <u>Year Ended December 31,</u> | <u>Total Payments</u> | <u>Principal</u> | <u>Interest</u> |
|------------------------------------|---------------------------|------------------|-----------------|
| 2023 | \$ 6,240 | \$ 5,702 | \$ 538 |
| 2024 | 6,240 | 5,950 | 290 |
| 2025 | <u>3,640</u> | <u>3,589</u> | <u>51</u> |
| | <u>\$ 16,120</u> | <u>\$ 15,241</u> | <u>\$ 879</u> |

(Continued)

Providence House
Notes to Financial Statements
December 31, 2022 and 2021
(Continued)

The following summarizes the activity in the statement of activities for this financing lease:

| | |
|--------------------------------------|----------------|
| Amortization of expense | \$2,442 |
| Interest on finance lease obligation | <u>261</u> |
| Total | <u>\$2,703</u> |

(15) Line of Credit

Providence House obtained a line of credit for \$150,000. The line of credit was secured by real estate owned by Providence House and matures on June 9, 2025. The line of credit has a variable interest rate of 1.00% over the bank's prime rate. Interest is to be paid monthly. There were no amounts outstanding and due on the line of credit at December 31, 2022 and 2021.

(16) Endowment Account with Community Foundation of North Louisiana

Providence House has entered into an agreement with the Community Foundation of North Louisiana (CFNLA). The agreement establishes an Agency Endowment Fund at CFNLA called "Providence House Endowment – The Gift of a Lifetime Fund" (Fund). All property of the Fund belongs to CFNLA. The fund will be used for support of the charitable purposes of Providence House. Net income and capital appreciation of the Fund, as governed by CFNLA's Spending Policy, will be paid and distributed to Providence House at least annually, for as long as Providence House is a Qualified Charitable Organization. The fair market value of the fund at December 31, 2022 and 2021 was \$1,098,972 and \$1,250,916, respectively.

(17) Subsequent Events

Subsequent events have been evaluated through June 28, 2023, the date the financial statements were available to be issued.

Providence House
Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended December 31, 2022

Agency Head: Verni W. Howard, Executive Director

There were no payments for compensation, benefits and other payments derived from public funds during the year ended December 31, 2022.

COOK & MOREHART

Certified Public Accountants

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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
Providence House
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 Providence House, (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, 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 28, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Providence House'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 Providence House's internal control. Accordingly, we do not express an opinion on the effectiveness of Providence House'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.

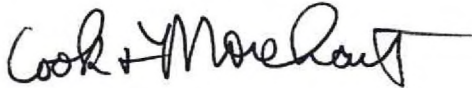
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Providence House'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart
Certified Public Accountants
June 28, 2023

Providence House
Summary Schedule of Audit Findings for the
Louisiana Legislative Auditor
December 31, 2022

Summary Schedule of Prior Audit Findings

There were no findings or management letter comments for the prior year audit for the year ended December 31, 2021.

Corrective Action Plan for Audit Findings for the Year Ended December 31, 2022

There are no findings or management letter comments for the current year audit for the year ended December 31, 2022.

COOK & MOREHART

Certified Public Accountants

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Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Directors
Providence House
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, 2022 through December 31, 2022. Providence House's management is responsible for those C/C areas identified in the SAUPs.

Providence House 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, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledges 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:

1) *Written Policies and Procedures*

- A. 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:
 - i) **Budgeting**, including preparing, adopting, monitoring and amending the budget.
 - ii) **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.
 - iii) **Disbursements**, including processing, reviewing and approving
 - iv) **Receipts/Collections**, including receiving, recording, 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.

- v) **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.
- vi) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- vii) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- viii) **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
- ix) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statues (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 requirements that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosures/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi) **Information Technology 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
- xii) **Prevention of 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.

2) **Board or Finance Committee**

- A. 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:
 - i) 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 Providence House met in accordance with the Organization's by-laws.
 - ii) 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 financial activity relating to public funds.
 - iii) 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.

Providence House is not a governmental entity.

- iv) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

There were no unresolved audit findings.

3) Bank Reconciliations

- A. 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.

- i) 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 include evidence that they were prepared within 2 months of the related statement closing date.

- ii) Bank reconciliations include written 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.

- iii) 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.

Procedures performed no exceptions noted.

4) Collections (excluding electronic funds transfers)

- A. 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.

- B. 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:

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

Cash drawers/registers are not used, due to no currency being collected by the Organization.

- ii) 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.

Each employee responsible for collecting cash is not responsible for preparing/making bank deposits. Also, another employee is responsible for reconciling collection documentation to the deposit.

- iii) 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.

Employee(s) responsible for collecting cash are not responsible for posting collection entries to the general ledger or subsidiary ledgers

- iv) 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.

Employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers by revenue source are not responsible for collecting cash.

- C. 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.

- D. 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:

- i) Observe that receipts are sequentially pre-numbered.

The Organization does not utilize sequentially pre-numbered receipts.

- ii) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Procedures performed no exceptions noted.

- iii) Trace the deposit slip total to the actual deposit per the bank statement.

Procedures performed no exceptions noted.

- iv) 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).

For the deposits selected for testing, there was no evidence that the deposits were made within one business day. It is management's policy to make deposits daily through a remote deposit process.

- v) Trace the actual deposit per the bank statement to the general ledger.

Procedures performed no exceptions noted.

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

- A. 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.

- B. 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:

- i) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exceptions noted.

- ii) At least two employees are involved in processing and approving payments to vendors.

No exceptions noted.

- iii) 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.

No exceptions noted.

- iv) 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.

No exceptions noted.

- v) Only employees/officials authorized to sign checks, approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), or wire transfer, or some other electronic means.

No exceptions noted.

- C. For each location selected under #5A 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:

- i) Observe whether the disbursement; whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

- ii) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable.

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

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the

practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Procedures performed no exceptions noted.

6) Credit Cards/Debit Cards/Fuel Cards/P-Cards

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase card (cards), for the fiscal period, 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.

- B. 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:

- i) 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.

- ii) 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.

- C. Using the monthly statements or combined statements selected under #7B 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). 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.

Procedures performed no exceptions noted.

7) Travel and Expense Reimbursement (excluding card transactions)

- A. 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:

- i) 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).

- ii) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- iii) 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 #1A (vii));
- iv) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Procedures performed no exceptions noted.

8) Contracts

- A. 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:
 - i) 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.
 - ii) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - iii) 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, the documented approval).
 - iv) 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.

No exceptions noted for contracts selected for testing.

9) Payroll and Personnel

- A. 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 five (5) employees selected for testing, the paid salaries agreed with the authorized salaries/pay rates in the personnel files.

- B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and:
 - i) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Procedures performed no exceptions noted.

- ii) Observe that supervisors approved the attendance and leave of the selected employees or officials.
Procedures performed no exceptions noted.
 - iii) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
Procedures performed no exceptions noted.
 - iv) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
Procedures performed no exceptions noted.
- C. 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.
Providence House did not pay out any termination payments during the fiscal period.
- D. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.
Management provided representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers compensation premiums have been paid and associated forms have been filed by the required deadlines.

10) Ethics

Not applicable to nonprofit organizations.

11) Debt Service

Not applicable to nonprofit organizations.

12) Fraud Notice

- A. 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 as required by R.S.24:523.
Providence House represented that there were no misappropriations of public funds and assets during the fiscal period.
- B. 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 Providence House has posted on its premises the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud waste, or abuse of public funds.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
- i) 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 evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii) 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.
 - iii) 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.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedures and discussed the results with management.

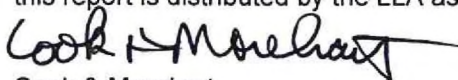
14) Prevention of Sexual Harassment

Not applicable to nonprofit organizations.

We were engaged by Providence House, 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 Providence House, 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.



Cook & Morehart
Certified Public Accountants
June 28, 2023