

SPIRIT OF CHARITY FOUNDATION
NEW ORLEANS, LOUISIANA
FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Spirit of Charity Foundation
New Orleans, Louisiana

Opinion

We have audited the accompanying financial statements of Spirit of Charity Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Spirit of Charity Foundation as of June 30, 2023 and 2022, 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 audit in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Spirit of Charity Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 Spirit of Charity Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



To the Board of Trustees of
Spirit of Charity Foundation
New Orleans, Louisiana

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 auditor's 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 generally accepted auditing standards, the *Louisiana Governmental Audit Guide*, 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 generally accepted auditing standards the *Louisiana Governmental Audit Guide*, 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 on the effectiveness of Spirit of Charity Foundation'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 Spirit of Charity Foundation'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.



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Trustees of
Spirit of Charity Foundation
New Orleans, Louisiana

Other 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 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 February 1, 2024, on our consideration of Spirit of Charity Foundation’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 Spirit of Charity Foundation’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 Spirit of Charity Foundation’s internal control over financial reporting and compliance.

New Orleans, Louisiana
February 1, 2024

Erickson Krentel, LLP
Certified Public Accountants

SPIRIT OF CHARITY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS:</u>		
Cash and cash equivalents	\$ 464,662	\$ 260,109
Cash held for agencies	28,791	31,215
Contributions receivable	25,000	-
Other receivables	275	11
Interest receivable	2,143	2,128
Prepaid expenses	117	6,054
Investments	<u>1,106,628</u>	<u>1,071,960</u>
 Total assets	 <u>\$ 1,627,616</u>	 <u>\$ 1,371,477</u>
 <u>LIABILITIES:</u>		
Accounts payable	\$ 17,749	\$ 19,137
Accrued payroll liabilities	219,869	91,826
Deferred revenues	-	29,250
Funds held for agencies	<u>28,791</u>	<u>31,215</u>
 Total liabilities	 <u>266,409</u>	 <u>171,428</u>
 <u>NET ASSETS:</u>		
Without donor restrictions	415,741	440,543
With donor restrictions	<u>945,466</u>	<u>759,506</u>
 Total net assets	 <u>1,361,207</u>	 <u>1,200,049</u>
 Total liabilities and net assets	 <u>\$ 1,627,616</u>	 <u>\$ 1,371,477</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

SPIRIT OF CHARITY FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>REVENUES, GAINS AND OTHER SUPPORT:</u>			
Contributions	\$ 34,003	\$ 224,600	\$ 258,603
Grant revenue	182,183	67,817	250,000
Registration income	14,680	-	14,680
Fundraising income	168,979	-	168,979
Interest and dividend income	24,135	-	24,135
Net realized and unrealized gains (losses) on investments	17,578	-	17,578
Other income	1,499	-	1,499
	<u>443,057</u>	<u>292,417</u>	<u>735,474</u>
Total revenue			
Net assets released from restrictions	<u>106,457</u>	<u>(106,457)</u>	<u>-</u>
	<u>549,514</u>	<u>185,960</u>	<u>735,474</u>
Total revenues, gains and other support			
<u>EXPENSES:</u>			
Program services	318,207	-	318,207
Supporting services:			
Fundraising	175,134	-	175,134
Management and general	80,975	-	80,975
	<u>574,316</u>	<u>-</u>	<u>574,316</u>
Total expenses			
Change in net assets	(24,802)	185,960	161,158
Net assets, beginning of year	<u>440,543</u>	<u>759,506</u>	<u>1,200,049</u>
Net assets, end of year	<u>\$ 415,741</u>	<u>\$ 945,466</u>	<u>\$ 1,361,207</u>

SPIRIT OF CHARITY FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUES, GAINS AND OTHER SUPPORT:</u>			
Contributions	\$ 197,774	\$ 21,630	\$ 219,404
Grant revenue	-	55,000	55,000
Registration income	8,955	-	8,955
Fundraising income	71,928	-	71,928
Interest and dividend income	47,458	-	47,458
Net realized and unrealized gains (losses) on investments	(175,642)	-	(175,642)
Other income	1,571	-	1,571
	152,044	76,630	228,674
Total revenue			
Net assets released from restrictions	48,222	(48,222)	-
	200,266	28,408	228,674
Total revenues, gains and other support			
<u>EXPENSES:</u>			
Program services	349,072	-	349,072
Supporting services:			
Fundraising	160,310	-	160,310
Management and general	100,626	-	100,626
	610,008	-	610,008
Total expenses			
Change in net assets	(409,742)	28,408	(381,334)
Net assets, beginning of year	850,285	731,098	1,581,383
Net assets, end of year	\$ 440,543	\$ 759,506	\$ 1,200,049

SPIRIT OF CHARITY FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 161,158	\$ (381,334)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized (gain) loss on investments	26,285	(15,141)
Unrealized (gain) loss on investments	(43,863)	190,783
(Increase) decrease in:		
Contributions receivable	(25,000)	-
Other receivable	(264)	5,831
Interest receivable	(15)	713
Prepaid expenses	5,937	3,713
Increase (decrease) in:		
Accounts payable	(1,388)	14,341
Accrued payroll liabilities	128,043	(95,329)
Deferred revenue	(29,250)	29,250
Funds held for agencies	(2,424)	1,348
	<u>219,219</u>	<u>(245,825)</u>
<u>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:</u>		
Proceeds from sale of investments	295,409	658,513
Purchase of investments	<u>(312,499)</u>	<u>(530,998)</u>
	<u>(17,090)</u>	<u>127,515</u>
Net cash from (used in) investing activities		
Net increase (decrease) in cash and cash equivalents	202,129	(118,310)
Cash and cash equivalents and cash held for agencies, beginning of year	<u>291,324</u>	<u>409,634</u>
Cash and cash equivalents and cash held for agencies, end of year	<u>\$ 493,453</u>	<u>\$ 291,324</u>
Cash and cash equivalents and cash held for agencies consist of the following:		
Cash and cash equivalents	\$ 464,662	\$ 260,109
Cash held for agencies	<u>28,791</u>	<u>31,215</u>
Cash and cash equivalents and cash held for agencies, end of year	<u>\$ 493,453</u>	<u>\$ 291,324</u>

SPIRIT OF CHARITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services	Supporting Services		Total
		Fundraising	Management and General	
Awards and gifts	\$ 8,940	\$ -	\$ -	\$ 8,940
Contract labor	3,965	-	-	3,965
Donations made	-	-	-	-
Dues and subscriptions	2,995	-	-	2,995
Equipment contributions	80,750	-	-	80,750
Event expenses	-	64,502	-	64,502
Grants	-	-	-	-
Insurance	-	-	5,667	5,667
Meals	32,296	-	2,178	34,474
Medical supplies	88,811	-	-	88,811
Miscellaneous expense	19,932	-	2,427	22,359
Office expenses	1,321	-	699	2,020
Professional fees	1,443	-	12,240	13,683
Training and seminars	24,909	-	-	24,909
Travel	52,845	-	-	52,845
Wages and related expenses	-	110,632	57,764	168,396
Total expenses	<u>\$ 318,207</u>	<u>\$ 175,134</u>	<u>\$ 80,975</u>	<u>\$ 574,316</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

SPIRIT OF CHARITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services	Supporting Services		Total
		Fundraising	Management and General	
Awards and gifts	\$ 18,543	\$ -	\$ -	\$ 18,543
Contract labor	16,010	-	-	16,010
Donations made	150	-	-	150
Dues and subscriptions	1,793	-	-	1,793
Equipment contributions	37,863	-	-	37,863
Event expenses	-	44,092	-	44,092
Grants	5,500	-	-	5,500
Insurance	-	-	8,658	8,658
Meals	55,327	-	2,043	57,370
Medical supplies	57,829	-	-	57,829
Miscellaneous expense	10,712	-	1,698	12,410
Office expenses	8,291	-	1,155	9,446
Professional fees	51,653	-	12,461	64,114
Training and seminars	32,597	-	-	32,597
Travel	52,804	-	-	52,804
Wages and related expenses	-	116,218	74,611	190,829
Total expenses	\$ 349,072	\$ 160,310	\$ 100,626	\$ 610,008

See accompanying NOTES TO FINANCIAL STATEMENTS

SPIRIT OF CHARITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(1) NATURE OF OPERATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Spirit of Charity Foundation (the Foundation) was incorporated in November 1993. The Foundation was originally known as The University Hospital Foundation and then the Medical Center of Louisiana Foundation, and has its purpose to support and facilitate patient-centered care within the University Medical Center New Orleans (UMCNO). This includes actively promoting health and wellness and to advance medical research and education through fundraising efforts for the benefit of the UMCNO, its patients and friends.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. In-kind contributions are recognized at the fair market value when received.

Use of 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 at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Basis of Accounting and Financial Reporting Framework

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities in accordance with accounting principles generally accepted in the United States of America promulgated by the Financial Accounting Standards Board (FASB).

The financial statement presentation follows the recommendations of the FASB in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, the Foundation 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 objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors. The revenues received in conducting the mission of the Foundation are included in this category.

SPIRIT OF CHARITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(1) **NATURE OF OPERATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Accounting and Financial Reporting Framework (continued)

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 the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby, the donor has stipulated the funds be maintained in perpetuity.

Investments

Investments, consisting of government and agency securities and corporate bonds, are recorded at fair value. Unrealized gains and losses on investments with readily available market values are recorded in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law. Dividend, interest, and other investment income is recorded as increases in net assets without donor restrictions unless the use is restricted by the donor. Donated investments are recorded at fair value at the date of receipt.

FASB ASC topic 820, *Fair Value Measurements and Disclosures* emphasizes market-based measurement and, in doing so, stipulates a fair value hierarchy. The hierarchy is based on the type of inputs, or data used, to measure fair value. The fair value hierarchy is summarized below:

Level 1 lies at the top of the hierarchy, where inputs are quoted prices in active markets.

Level 2 inputs are in the middle of the hierarchy, where data are adjusted from similar items traded in markets that are active markets or from identical or similar items in markets that are not active. Level 2 inputs do not stem directly from quoted prices.

Level 3 inputs are unobservable and generated by the entity itself.

No Level 2 or Level 3 inputs were used by the Foundation.

Equipment

Items capitalized as part of equipment are valued at cost. Normal repairs and maintenance are charged to expense when incurred. Expenditures which materially extend the useful lives of capital assets are capitalized.

SPIRIT OF CHARITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(1) **NATURE OF OPERATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Recognition

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Support from contributions is recognized either on receipt or upon receiving an unconditional pledge or promise to give from a donor. Unconditional contributions are reported as unrestricted support which increases net assets without donor restrictions. The Foundation reports contributions of cash and other assets as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period that they are received are reported as net assets without donor restriction.

Return of previously granted funds are recognized as other income when received and are classified as with or without donor restrictions based on the original donor intent.

The Foundation reports contributions of property and equipment as unrestricted support unless explicit donor stipulations specify how the assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire or improve long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated services are recognized as contributions in accordance with ASC 958 if the services: (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. The members of the Board of Directors serve without compensation. Volunteers also provide animal care and fundraising services throughout the year. These services are not recognized as contributions in the financial statements since recognition criteria under ASC 958 were not met.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with an original maturity of three months or less and all certificates of deposit to be cash equivalents.

SPIRIT OF CHARITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(1) **NATURE OF OPERATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Income Tax Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income tax under Section 121(5) of Title 47 of the Louisiana Revised Statutes. Based upon the amount of its investment income and the comparison of its public support, the Foundation qualifies for non-private foundation status under Section 509(a)(2) of the Internal Revenue Code; therefore, the Foundation's tax-exempt status extends to its net investment income.

FASB ASC Topic 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return. FASB ASC Topic 740 requires the affirmative evaluation that is more likely-than-not, based on the technical merits of a tax position, that an enterprise is entitled to economic benefits resulting from positions taken in income tax returns. If a tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements. FASB ASC Topic 740 also requires the Foundation to disclose additional quantitative and qualitative information in their financial statements about uncertain tax positions.

The Foundation's evaluation as of June 30, 2023 revealed no uncertain tax positions that would have a material impact on the financial statements. The 2019 through 2022 tax years remain subject to examination by the IRS. The Foundation does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

Functional Expenses

Expenses are charged to each program based on direct expenditures incurred. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Date of Management's Review

Subsequent events have been evaluated through February 1, 2024, which is the date the financial statements were available to be issued.

SPIRIT OF CHARITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Foundation's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. However, amounts already appropriated for general expenditure within one year of the statement of financial position date have not been subtracted as unavailable.

	2023	2022
Financial assets, at year end	\$ 1,627,499	\$ 1,365,423
Less those unavailable for general expenditure within one year due to:		
Cash held for other agencies	(28,791)	(31,215)
Net assets with donor restrictions	(945,466)	(759,506)
Financial assets available to meet cash needs for general expenditures within one year	\$ 653,242	\$ 574,702

The Foundation is substantially supported by contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

(3) INVESTMENTS

The fair value of investments are determined by reference to quoted prices in active markets for identical assets (Level 1).

The fair value of investments are summarized as follows at June 30:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Corporate bonds	\$ 460,672	\$ 415,474	\$ 472,880	\$ 431,341
Government and other agency backed securities	314,280	299,070	371,212	350,484
Mutual funds and exchange-traded funds	377,962	392,084	315,228	290,135
Total investments	\$ 1,152,914	\$ 1,106,628	\$ 1,159,320	\$ 1,071,960

SPIRIT OF CHARITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(3) INVESTMENTS (CONTINUED)

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Interest and dividends on investments	\$ 26,471	\$ 57,075
Management fees	(7,898)	(10,042)
Net gain (loss) on sale of investments	(26,285)	15,141
Net unrealized gain (loss) in value of investments	<u>43,863</u>	<u>(190,783)</u>
 Total return on investments	 <u>\$ 36,151</u>	 <u>\$ (128,609)</u>

(4) FUNDS HELD FOR AGENCIES

At June 30, 2023 and 2022, the Foundation held \$28,791 and \$31,215 of funds for the Trauma department. The financial effects of transactions related to agency funds are recorded as changes in funds held for agencies and are not included in the statements of activities. The changes in the funds held for agencies are summarized as follows:

	<u>2023</u>	<u>2022</u>
Agency funds received	\$ 4,226	\$ 5,566
Distributions to agencies	<u>(6,650)</u>	<u>(4,217)</u>
 Change in balance	 (2,424)	 1,349
Beginning balance	<u>31,215</u>	<u>29,866</u>
 Ending balance	 <u>\$ 28,791</u>	 <u>\$ 31,215</u>

SPIRIT OF CHARITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(5) RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions at June 30, 2023 and 2022 include:

	<u>2023</u>	<u>2022</u>
Telemedicine and Health Management Program	\$ 141,288	\$ 141,288
AAST Research Grants	6,753	-
Charles Wetmore Foundation	51,941	71,605
Almar Foundation	(2,717)	31,862
Wynn and Bill Seemann Barrett's Esophagus Research Fund	12,829	12,829
Mauna Kea Technologies Research	6,495	6,495
Tulane Bleeding and Clotting Research Fund	18,895	19,892
Josh's Promise - Salt & Light	58,441	40,537
Personal Protective Equipment Fund	434,998	434,998
Taha - Ali Gandhi Fund	16,543	-
Julie Newman Nursing Scholarship Fund	200,000	-
	<u> </u>	<u> </u>
Total net assets with donor restrictions	<u>\$ 945,466</u>	<u>\$ 759,506</u>

During the years ended June 30, 2023 and 2022, net assets with donor restrictions of \$106,457 and \$48,222 were released from donor restrictions by incurring expenses satisfying the time and/or purpose restrictions specified by donors as follows:

	<u>2023</u>	<u>2022</u>
Telemedicine and Health Management Program	\$ -	\$ 13,388
Charles Wetmore Foundation	20,193	13,402
AAST Research Grants	43,247	-
Almar Foundation	34,580	8,898
Esophagus Research Fund	-	6,385
Tulane Bleeding and Clotting Research	996	56
Josh's Promise – Salt & Light	6,696	6,093
Taha – Ali Ghandi Fund	745	-
	<u> </u>	<u> </u>
Total	<u>\$ 106,457</u>	<u>\$ 48,222</u>

SPIRIT OF CHARITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(6) CONCENTRATIONS

Concentration of Credit Risk

The Foundation maintains its cash and cash equivalents in various financial institutions in Louisiana. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances, at times, may exceed federally insured limits. At June 30, 2023, the Foundation had \$118,238 at one financial institution in excess of FDIC limits. At June 30, 2022, the Foundation had no cash held at financial institutions in excess of FDIC limits.

Concentration of Revenue

Approximately 24% and 37% of the Foundation's funding is provided from the Spirit of Charity fundraisers for the years ended June 30, 2023 and 2022, respectively. During the year ended June 30, 2023 and 2022, the Foundation received 41% and 20%, respectively, of its revenues from two donors and one donor, respectively.

(7) RELATED PARTY TRANSACTIONS

During the year ended June 30, 2023 and 2022, Board of Directors' members contributed \$10,168 and \$9,203 to various Foundation fund-raising activities, respectively.

The University Medical Center of New Orleans LCMC Health (LCMC), an affiliate, provides office space to the Foundation at no charge. No revenue has been recognized in these financial statements related to this contribution, as the amount cannot be reasonably estimated. The Foundation's Director of Philanthropy is an employee of LCMC and the Foundation reimburses LCMC for his work. As of June 30, 2023 and 2022, the Foundation owed LCMC \$219,265 and \$89,867, respectively, related to this agreement which is included in accrued payroll on the accompanying statements of financial position.

SPIRIT OF CHARITY FOUNDATION
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Dr. Peter DeBlieux*</u>
Time served	07/01/22 through 06/30/23
No compensation, benefits, or other payments	\$ <u> </u> -

*Note: Dr. Peter DeBlieux serves in the capacity as a volunteer and as such does not receive a salary or related benefits for his time.



**INDEPENDENT AUDITORS' 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 Trustees of
Spirit of Charity Foundation
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, 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 the Spirit of Charity Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, 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 February 1, 2024.

Report on Internal Control over Financial Reporting

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

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

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.



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Trustees of
Spirit of Charity Foundation
February 1, 2024

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Spirit of Charity Foundation'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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-001.

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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as public document.

New Orleans, Louisiana
February 1, 2024

Erickson Krentel, LLP
Certified Public Accountants

SPIRIT OF CHARITY FOUNDATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023

SECTION I SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Spirit of Charity Foundation
2. No significant deficiencies or material weaknesses disclosed during the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Performed in Accordance with *Government Auditing Standards*.
3. One instance of noncompliance of Spirit of Charity Foundation, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. No management letter was issued for the year ended June 30, 2023.

SECTION II FINANCIAL STATEMENT FINDINGS

2023-001 NON-COMPLIANCE WITH LOUISIANA'S FINANCIAL REPORTING LAWS

Criteria: Spirit of Charity Foundation is required to provide an annual financial report to the Louisiana Legislative Auditor no later than six months after its year end.

Condition: Spirit of Charity Foundation failed to comply with these laws, submitting the required report approximately 1 month after the required deadline.

Effect: Spirit of Charity Foundation is not in compliance with Louisiana Revised Statutes 24:513 and 24:514.

Cause: Spirit of Charity Foundation did not have the proper procedures in place to ensure compliance with these laws.

Recommendation: The Board of Directors should put policies and procedures in place to ensure that required annual reports are filed in a timely manner.

Management's Response: Management agrees with the finding and has implemented the recommendation. See Management's Corrective Action Plan for further information.

SPIRIT OF CHARITY FOUNDATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023

SECTION I FINANCIAL STATEMENT FINDINGS

2022-001 BANK RECONCILIATION PROCEDURES

Condition: When the audit began in October 2022, we noted that bank reconciliations after November 2021 had not been prepared.

Current Status: The management letter item has been resolved through policy and procedure implementation to enforce timely bank reconciliations.

SECTION II MANAGEMENT LETTER

2022-002 OLD OUTSTANDING CHECKS

Condition: Through our review of bank reconciliations, we noted there are several outstanding checks in excess of 6 months old, with the oldest check dated in November 2019.

Current Status: The management letter item has been resolved for the year ended June 30, 2023.