

EDEN HOUSE
NEW ORLEANS, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management
Eden House
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of Eden House as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Eden 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 opinions.

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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Eden House'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 Directors and Management
Eden House
New Orleans, Louisiana

Auditor's 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 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 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 Eden 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 Eden 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.

To the Board of Directors and Management
Eden House
New Orleans, Louisiana

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in Schedule “1” 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 27, 2022, on our consideration of Eden 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 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 Eden 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 Eden House’s internal control over financial reporting and compliance.

June 27, 2022
New Orleans, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

EDEN HOUSE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
<u>ASSETS:</u>		
Cash and cash equivalents	\$ 717,490	\$ 646,344
Promises to give	296,034	20,965
Prepaid expenses	4,511	14,567
Property and equipment, net	1,063,194	399,289
Asset held for sale	-	471,258
Other assets	650	650
Total assets	<u>\$ 2,081,879</u>	<u>\$ 1,553,073</u>
<u>LIABILITIES:</u>		
Accounts payable	\$ -	\$ 11,097
Accrued expenses	21,079	16,641
Note payable	150,000	150,000
Total liabilities	<u>171,079</u>	<u>177,738</u>
<u>NET ASSETS:</u>		
Without donor restrictions	1,307,197	1,066,831
With donor restrictions	603,603	308,504
Total net assets	<u>1,910,800</u>	<u>1,375,335</u>
Total liabilities and net assets	<u>\$ 2,081,879</u>	<u>\$ 1,553,073</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

EDEN HOUSE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<u>SUPPORT AND OTHER REVENUES:</u>			
Grants	\$ 261,751	\$ 828,939	\$ 1,090,690
Contributions	106,484	-	106,484
Special events	77,057	-	77,057
Sales	2,490	-	2,490
Other	(81,838)	-	(81,838)
Net assets released from restrictions	<u>533,840</u>	<u>(533,840)</u>	<u>-</u>
Total revenue	<u>899,784</u>	<u>295,099</u>	<u>1,194,883</u>
<u>EXPENSES:</u>			
Program services	489,183	-	489,183
Supporting activities:			
Management and general	98,016	-	98,016
Fundraising	<u>72,219</u>	<u>-</u>	<u>72,219</u>
Total expenses	<u>659,418</u>	<u>-</u>	<u>659,418</u>
Change in net assets	240,366	295,099	535,465
Net assets, beginning of year	<u>1,066,831</u>	<u>308,504</u>	<u>1,375,335</u>
Net assets, end of year	<u>\$ 1,307,197</u>	<u>\$ 603,603</u>	<u>\$ 1,910,800</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

EDEN HOUSE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<u>SUPPORT AND OTHER REVENUES:</u>			
Grants	\$ 336,983	\$ -	\$ 336,983
Contributions	88,316	-	88,316
Special events	33,700	-	33,700
Sales	13,519	-	13,519
Other	2,030	-	2,030
Net assets released from restrictions	<u>59,496</u>	<u>(59,496)</u>	<u>-</u>
Total revenue	<u>534,044</u>	<u>(59,496)</u>	<u>474,548</u>
<u>EXPENSES:</u>			
Program services	369,257	-	369,257
Supporting activities:			
Management and general	83,442	-	83,442
Fundraising	<u>59,925</u>	<u>-</u>	<u>59,925</u>
Total expenses	<u>512,624</u>	<u>-</u>	<u>512,624</u>
Change in net assets	21,420	(59,496)	(38,076)
Net assets, beginning of year	<u>1,045,411</u>	<u>368,000</u>	<u>1,413,411</u>
Net assets, end of year	<u>\$ 1,066,831</u>	<u>\$ 308,504</u>	<u>\$ 1,375,335</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

EDEN HOUSE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Supporting Activities			
	Program Services	General and Administrative	Fundraising	Total
Salaries and wages	\$ 342,333	\$ 3,567	\$ -	\$ 345,900
Payroll taxes	<u>25,125</u>	<u>503</u>	<u>-</u>	<u>25,628</u>
Total salaries and payroll taxes	367,458	4,070	-	371,528
Accounting	-	21,445	-	21,445
Depreciation	8,824	-	-	8,824
Fundraising	507	152	3,783	4,442
Information technology	1,695	753	19,649	22,097
Insurance	710	27,689	-	28,399
Marketing	839	637	-	1,476
Miscellaneous	3,228	8,741	-	11,969
Occupancy	44,146	15,895	-	60,041
Office expenses	1,673	13,812	230	15,715
Professional fees	2,000	-	-	2,000
Resident services	47,898	405	-	48,303
Special event	-	177	48,557	48,734
Telephone	3,195	4,240	-	7,435
Travel	<u>7,010</u>	<u>-</u>	<u>-</u>	<u>7,010</u>
Total expense by function	<u>\$ 489,183</u>	<u>\$ 98,016</u>	<u>\$ 72,219</u>	<u>\$ 659,418</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

EDEN HOUSE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Supporting Activities			
	Program Services	General and Administrative	Fundraising	Total
Salaries and wages	\$ 210,135	\$ 52,534	\$ 13,825	\$ 276,494
Payroll taxes	<u>16,604</u>	<u>4,151</u>	<u>1,092</u>	<u>21,847</u>
Total salaries and payroll taxes	226,739	56,685	14,917	298,341
Accounting	1,997	4,597	131	6,725
Depreciation	7,941	883	-	8,824
Fundraising	-	-	4,578	4,578
Information technology	6,192	3,226	290	9,708
Insurance	15,739	3,935	1,036	20,710
Marketing	645	-	-	645
Miscellaneous	360	380	-	740
Occupancy	41,413	4,523	1,005	46,941
Office expenses	1,563	3,062	40	4,665
Professional fees	6,246	2,500	-	8,746
Program materials	2,549	-	-	2,549
Resident services	49,554	-	-	49,554
Special event	-	-	37,928	37,928
Telephone	2,552	3,651	-	6,203
Travel	<u>5,767</u>	<u>-</u>	<u>-</u>	<u>5,767</u>
Total expense by function	<u>\$ 369,257</u>	<u>\$ 83,442</u>	<u>\$ 59,925</u>	<u>\$ 512,624</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

EDEN HOUSE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
<u>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 535,465	\$ (38,076)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities:		
Depreciation	8,824	8,824
Loss on sale of assets	82,335	-
(Increase) decrease in:		
Grant receivable	(286,279)	365,000
Promises to give	11,210	38,585
Prepaid expense	10,056	(2,972)
Other assets	-	5,996
Increase (decrease) in:		
Accounts payable	(11,097)	11,097
Accrued expenses	4,438	(8,513)
Net cash from operating activities	<u>354,952</u>	<u>379,941</u>
<u>CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:</u>		
Purchases of property and equipment	(676,738)	(70,694)
Proceeds from sale of property and equipment	<u>392,932</u>	<u>-</u>
Net cash (used for) investing activities	<u>(283,806)</u>	<u>(70,694)</u>
<u>CASH FLOWS FROM (USED FOR) FINANCING ACTIVITIES:</u>		
Proceeds from issuance of long-term debt	-	150,000
Principal payments on long term debt	<u>-</u>	<u>(277,280)</u>
Net cash from (used for) financing activities	<u>-</u>	<u>(127,280)</u>
Net increase in cash	71,146	181,967
Cash and cash equivalents, beginning of year	<u>646,344</u>	<u>464,377</u>
Cash and cash equivalents, end of year	<u>\$ 717,490</u>	<u>\$ 646,344</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</u>		
Cash paid for interest	<u>\$ -</u>	<u>\$ 1,383</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

EDEN HOUSE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Eden House (the “Organization”) was incorporated as an independent 501(c)(3) nonprofit organization in 2011 to provide comprehensive and individualized recovery services to victims of human trafficking and commercial sexual exploitation through a long-term residential program. Over time, and to address our community’s epidemic of human trafficking and commercial sexual exploitation, the Organization has grown and expanded its services more effectively through the introduction of a prevention education program and the launch of a social enterprise. However, the implementation of our comprehensive recovery services through our long-term residential program remains at the heart of our organization. The Organization addresses our community’s epidemic of human trafficking and commercial sexual exploitation, in addition to the related issues of addiction, mental illness, poverty and homelessness.

In order to end human and sexual trafficking, the Organization provides comprehensive recovery services to survivors of human trafficking and commercial sexual exploitation through a long-term individualized program of intensive and therapeutic case management in the safety of our confidentially located residence. The Organization implements an individualized treatment plan for each survivor that provides housing, food, health care, mental health and substance abuse counseling, job and financial literacy training, legal assistance, and education free of cost to them. The Organization’s approach to case management and recovery aims to create a population of survivors who have not forgotten their pasts, but who have learned and grown from them into emotionally, physically, and mentally healthy women who are flourishing, contributing members of their communities. To accomplish this goal, the Organization uses a holistic approach, which treats not just the symptoms of a life of exploitation but creates a foundation of skills that facilitate the victim’s ability to move forward with her life. The first few months at the Organization are spent focusing on stabilizing our residents’ immediate needs, including intensive outpatient drug treatment for those with histories of addiction, 90/90 AA or NA meetings, trauma therapy, as well as physical and dental care. The next phase in the recovery program emphasizes education, job skills, life skills and continued recovery. During this time, the Organization continues to provide a spectrum of resources, including, but not limited to, housing, food, health care, psychotherapy, spiritual support, GED tutoring, financial education, legal support, and job training. Completion of, or graduation from, the program is assessed on an individual basis and entails reaching programmatic goals such as successfully completing trauma therapy, employment, savings, advanced education, etc. All these direct services are provided at no cost for residents, and residents, who are not working and who do not receive food stamps, receive weekly food and living stipends as part of the program.

EDEN HOUSE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Financial Reporting Framework

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The financial statements of the Organization are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred liabilities in accordance with accounting principles generally accepted in the United States of America as promulgated by the Financial accounting Standards Board (FASB).

Basis of Presentation

The financial statements are presented in accordance with FASB Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under the provisions of the Codification, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

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 Organization. These net assets may be used at the discretion of the Organization's management and the board of directors. The revenues received in conducting the mission of the Organization are included in this category.

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

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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers money market funds and all highly liquid investments with a maturity of three months or less to be cash equivalents. Cash and cash equivalents include demand deposits and interest-bearing demand deposits. As of December 31, 2021 and 2020, the Organization held \$362,500 and \$350,020 of cash equivalents, respectively.

EDEN HOUSE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Unconditional promises to give (grants or contributions) are recorded as a receivable and revenue when received. Management closely monitors outstanding receivable balances and any balances that are determined to be uncollectible are written off. All receivable balances are considered to be fully collectible by management. Accordingly, no provision for doubtful accounts is considered necessary as of December 31, 2021 and 2020. For the years ended December 31, 2021 and 2020, the Organization reported \$296,034 and \$20,965 in promises to give, respectively.

Conditional Promises to Give

During the year ended December 31, 2021, the Organization received a conditional promise to give of \$175,000, due in \$50,000 and \$125,000 increments during the years ended December 31, 2022 and 2023, respectively. Payment is contingent upon the Organization's ability to raise matching funds.

Property and Equipment

Property and equipment with a value equal to or greater than \$500 is capitalized at cost or estimated fair value if donated. Depreciation is provided using the straight-line method over estimated useful lives ranging from 3 to 39 years. The cost of maintenance and repairs is charged to expense as incurred. Significant renewals and improvements are capitalized.

Assets Held for Sale

During 2020, Eden House decided to list their second residence, which was under construction, for sale. On May 20, 2021, the Organization sold the asset held for sale, listed on the statement of financial position for \$425,000. Of the proceeds, \$32,068 was attributed to closing costs of the sale. A loss on the sale of the disposal of \$82,355 was recorded.

Revenue Recognition

Grant and Contributions

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

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restrictions expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

EDEN HOUSE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

Grant and Contributions (continued)

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Special Events

The Organization receives revenue from special events. A portion of special event revenues is recognized as a contribution at the time of the ticket purchase. These amounts are reported to the donor as tax-deductible when received. The remainder of special event revenues are recognized when the event takes place as the event is the relevant performance obligation.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes

Under the provisions of the Internal Revenue Code, Section 501(c)(3), and the applicable income tax regulations of Louisiana, the Organization is exempt from taxes on income other than unrelated business income. The Organization has also been classified as an entity that is not a private foundation in Section 170 (b)(1)(A)(vi).

The Organization's evaluation as of December 31, 2021 revealed no tax positions that would have material impact on the financial statements. The 2018 through 2020 tax years remain subject to examination by the IRS. The Organization 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.

Date of Management's Review

Subsequent events have been evaluated through June 27, 2022, which is the date the financial statements were available to be issued.

EDEN HOUSE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organizations' financial assets as of December 31, 2021 and 2020, 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.

	<u>2021</u>	<u>2020</u>
Financial assets, at year end	\$ 1,013,524	\$ 667,309
Less those unavailable for general expenditure within one year due to:		
Donor restrictions	<u>(603,603)</u>	<u>(308,504)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 409,921</u>	<u>\$ 358,805</u>

The financial assets available for general expenditures within one year of the statement of financial position date are not subject to donor or other contractual restrictions. The Organization's objective is to maintain liquid assets without donor restrictions sufficient to cover 18 months of program expenditures. The Organization maintains cash balances as reserves and regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days utilizing the resources the Organization has available.

(3) PROMISES TO GIVE

Unconditional promises to give consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Amounts due in less than one year	\$ 190,395	\$ 18,815
Amounts due in one to five years	<u>105,639</u>	<u>2,150</u>
Total unconditional promises to give	<u>\$ 296,034</u>	<u>\$ 20,965</u>

EDEN HOUSE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020

(4) PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following as of December 31st:

	2021	2020
Land	\$ 222,786	\$ 88,240
Buildings	891,146	352,963
Furniture and equipment	<u>1,267</u>	<u>1,267</u>
	1,115,199	442,470
Less: accumulated depreciation	<u>(52,005)</u>	<u>(43,181)</u>
Total property and equipment, net	<u>\$ 1,063,194</u>	<u>\$ 399,289</u>

Depreciation expense totaled \$8,824 for both of the years ended December 31, 2021 and 2020.

(5) NOTES PAYABLE

The Organization obtained a note payable in the amount of \$288,000 on March 19, 2019. The note bore interest at 3.87% per annum and required monthly payments of principal and interest totaling \$2,120 effective April 19, 2019 and was secured by real estate. The note was scheduled to mature on March 19, 2034. At December 31, 2019, the balance on the note payable was \$277,280. On January 30, 2020, the note payable was repaid in full.

The Organization obtained a Small Business Association Economic Injury Disaster Loan on July 1, 2020 in the amount of \$150,000 with a \$100 administration fee. The note bears a 2.75% interest rate per annum and requires monthly payments of principal and interest totaling \$641 and will begin twelve months from the date of the promissory note. As of April 7, 2021 the Small Business Association has extended the first payment due date for the all loans until 24 months from the date of the note. As of March 15, 2022, the Small Business Association extended the first payment due date for all loans an additional 6 months from the date of the note. The note is scheduled to mature on July 1, 2050. There were no payments made in the years ended December 31, 2021 and 2020 and the balance on the note was \$150,000.

Following are maturities of notes payable for each of the next five years and thereafter:

2022	\$ -
2023	-
2024	-
2025	91
2026	3,615
Thereafter	<u>146,294</u>
Total	<u>\$ 150,000</u>

As of December 31, 2021, \$5,844 was accrued as interest expense.

EDEN HOUSE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020

(6) LINE OF CREDIT

At December 31, 2021 and 2020, the Organization had an available \$100,000 line of credit with a financial institution. The line of credit is unsecured, has a maturity date of June 23, 2022 with a present interest rate of 3.25% per year. As of December 31, 2021 and 2020, there was no outstanding balance on the line of credit.

(7) GRANT INCOME – PAYCHECK PROTECTION PROGRAM

During the year ended December 31, 2020, the Organization was granted a loan from the Small Business Administration under the Paycheck Protection Program (PPP) in response to COVID-19 relief efforts in the amount of \$48,022. The loan accrued interest at 1% and was due on April 28, 2022, however, PPP loans and accrued interest are forgivable after a “covered period” (8 - 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The Organization has recognized the \$48,022 as grant revenue for the year ended December 31, 2020. The loan was forgiven on June 8, 2021.

As of February 19, 2021, the Organization received a second loan from the Small Business Administration under the Paycheck Protection Program (PPP) in response to COVID-19 relief efforts in the amount of \$58,345. The loan accrues interest at 1% and was due on February 19, 2026, however, PPP loans and accrued interest are forgivable after a “covered period” (10 months) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The Organization has recognized the \$58,345 as grant revenue for the year ended December 31, 2021. The loan was forgiven subsequent to year end on May 16, 2022. See footnote 12 for subsequent event.

(8) NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2021 and 2020, net assets with donor restrictions consisted of the following:

	<u>2021</u>	<u>2020</u>
Capital outlay	\$ -	\$ 308,504
Garden house programming	261,635	-
Emergency shelter	272,967	-
House renovations	<u>69,000</u>	<u>-</u>
Total	<u>\$ 603,603</u>	<u>\$ 308,504</u>

EDEN HOUSE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020

(8) NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

For the year ended December 31, 2021 and 2020, net assets were released from donor restrictions by incurring expenses satisfying the time and/or purpose specified by donors as follows:

	<u>2021</u>	<u>2020</u>
Capital outlay	\$ 471,924	\$ -
Emergency shelter	2,033	-
Garden house programming	59,884	-
Building second residence renovations	-	<u>59,496</u>
 Total	 <u>\$ 533,840</u>	 <u>\$ 59,496</u>

(9) RELATED PARTY TRANSACTIONS

The Organization's board of directors is a voluntary board and therefore, no compensation was paid to any board member during the years ended December 31, 2021 and 2020. Several members of the board of directors promised pledges to the Organization and made pledge payments in the amount of \$5,560 and \$8,485 with a remaining pledge balance of \$705 and \$6,625 for the years ended December 31, 2021 and 2020, respectively.

(10) CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances in two financial institutions. The cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At fiscal year end December 31, 2021 and 2020, there were uninsured deposits in the amount of \$236,725 and \$177,363, respectively.

Approximately 48% of the Organization's contribution revenue was received from two sources for the year ended December 31, 2021. Approximately 43% of the Organization's contribution revenue was received from one source for the year ended December 31, 2020.

(11) NEW ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2020-07, "*Not-for-Profit Entities (Topic 958)*." This Update seeks to increase transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in an NFP's programs and other activities. This Update will be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The Organization plans to adopt this Update as applicable by the effective date.

EDEN HOUSE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020

(11) NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2016-02, “*Leases*.” This Update seeks to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and by disclosing key information about leasing arrangements. Deferring the effective date of Update No. 2016-02, the FASB has issued Update No. 2019-10, “*Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Lease (Topic 842)*.” Update No. 2019-10 permits entities to apply the guidance in Update No. 2016-02 to annual reporting periods beginning after December 15, 2020, and to interim reporting periods within annual reporting periods beginning after December 15, 2021. The FASB further delayed the implementation date by one year through ASU 2020-05 “*Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*.” Entities may now apply the guidance in Update No. 2016-02 to annual reporting periods beginning after December 15, 2021, and to interim reporting periods within annual reporting periods beginning after December 15, 2022. The Organization plans to adopt this Update as applicable by the effective date.

(12) SUBSEQUENT EVENTS

Emergency Shelter

The Organization entered into a lease agreement with Touro Infirmary (Touro) for the 4th floor of the Gumbel Building located at 3450 Chestnut Street, New Orleans, Louisiana. The lease is classified as an operating lease and will be effective as July 1, 2022 and extends through June 30, 2025. The Organization will have an option to renew the lease for two additional two-year periods. In consideration of the use of the premises, the Organization pays Touro an annual fee of \$1.00.

Grant Income – Paycheck Protection Program

As of May 16, 2022, the Organization received forgiveness in full for the second PPP loan disclosed in Note 7.

EDEN HOUSE

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2021

(See Independent Accountants' Review Report)

Peggy Babin Indest
Interim Executive Director

Salary	\$	-
FICA and Medicare		-
Mileage reimbursements		-
Program expense reimbursement		<u> </u>
Total compensation, benefits, and other payments	\$	<u> </u>

*Note: Peggy Babin Indest does not receive salary or related benefits from public sources.

**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 Directors of
Eden House

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Eden House, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2022.

Report on Internal Control Over Financial Reporting

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

To the Board of Directors of Eden House
June 27, 2022

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eden 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 Eden House's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eden House's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

June 27, 2022
New Orleans, Louisiana



Certified Public Accountants

EDEN HOUSE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION I SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Eden House.
2. No significant deficiency or material weakness 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 Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. A management letter was not issued for the year ended December 31, 2021.

SECTION II FINANCIAL STATEMENT FINDINGS

NOT APPLICABLE

EDEN HOUSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

NOT APPLICABLE

SECTION II – MANAGEMENT LETTER ITEMS

NOT APPLICABLE