

NORTHLAKE HOMELESS COALITION

FINANCIAL REPORT

DECEMBER 31, 2022 AND 2021

NORTHLAKE HOMELESS COALITION

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Northlake Homeless Coalition  
Slidell, Louisiana

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Northlake Homeless Coalition (Coalition) (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 financial statements present fairly, in all material respects, the financial position of Northlake Homeless Coalition 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 audit 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. 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 Northlake Homeless Coalition 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.

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## ***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 Northlake Homeless Coalition's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***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 Northlake Homeless Coalition'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 Northlake Homeless Coalition'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 and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are also presented for purposes of additional analysis and are not a required part of the financial statements.

The Schedule of Compensation, Benefits, and Other Payments to Agency Head, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 Schedule of Compensation, Benefits, and Other Payments to Agency Head and schedule of expenditures of federal awards are 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 14, 2023, on our consideration of Northlake Homeless Coalition'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 Northlake Homeless Coalition'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 Northlake Homeless Coalition's internal control over financial reporting and compliance.

*Duplantier, Sharpman, Hogan and Parker, LLP*  
New Orleans, Louisiana

NORTHLAKE HOMELESS COALITION  
 STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS:		
Cash	\$ 104,631	\$ 75,226
Grants receivable	225,515	244,626
Total current assets	330,146	319,852
OTHER ASSETS:		
Deposit	438	-
Operating lease right-of-use asset, net	38,657	-
Total other assets	39,095	-
PROPERTY AND EQUIPMENT: (net of accumulated depreciation of \$24,385 and \$11,057, respectively)	47,753	55,633
 TOTAL ASSETS	 \$ 416,994	 \$ 375,485

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 79,398	\$ 87,791
Accrued payroll	9,708	10,588
Accrued interest	9,524	6,875
Operating lease right of use liability	13,555	-
Due to HUD	16,775	16,775
Total current liabilities	128,960	122,029
NON-CURRENT LIABILITIES:		
SBA Economic Injury Disaster Loan	250,000	150,000
Operating lease right-of-use liability	25,102	-
Due to HUD	-	16,775
Total non-current liabilities	275,102	166,775
TOTAL LIABILITIES	404,062	288,804
NET ASSETS:		
Without donor restrictions	12,932	86,681
Total net assets	12,932	86,681
TOTAL LIABILITIES AND NET ASSETS	\$ 416,994	\$ 375,485

See accompanying notes.

NORTHLAKE HOMELESS COALITION  
 STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
REVENUES AND OTHER SUPPORT:		
Governmental Grants	\$ 1,249,821	\$ 913,352
Agency fee income	47,123	47,123
Donations and contributions	-	2,130
Other income	-	2,093
Total revenues and other support	<u>1,296,944</u>	<u>964,698</u>
 EXPENSES:		
Program services	1,195,652	811,464
Management and general	<u>175,041</u>	<u>184,149</u>
Total expenses	<u>1,370,693</u>	<u>995,613</u>
 CHANGE IN NET ASSETS	 (73,749)	 (30,915)
 NET ASSETS - BEGINNING OF YEAR	 <u>86,681</u>	 <u>117,596</u>
 NET ASSETS - END OF YEAR	 <u><u>\$ 12,932</u></u>	 <u><u>\$ 86,681</u></u>

See accompanying notes.

NORTHLAKE HOMELESS COALITION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
EXPENSES:			
Salaries and related benefits	\$ 460,082	\$ 115,021	\$ 575,103
Rental assistance	19,639	-	19,639
Outreach supplies	33,899	-	33,899
Motel vouchers	347,933	-	347,933
Other program expenses	112,796	-	112,796
HMIS	87,713	-	87,713
Professional fees	8,591	34,365	42,956
Insurance	22,190	5,547	27,737
Auto expense	812	203	1,015
Utilities	5,806	1,452	7,258
Depreciation	10,662	2,666	13,328
Interest	4,764	1,191	5,955
Phone	8,430	2,108	10,538
IT	8,429	2,107	10,536
Lease expense	18,092	4,523	22,615
Printing	832	208	1,040
Cleaning	2,200	550	2,750
Storage	1,647	412	2,059
Meeting expenses	6,932	1,733	8,665
Training	2,512	628	3,140
Dues	715	179	894
Other	8,594	2,148	10,742
Landlord incentives	22,382	-	22,382
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL	<u>\$1,195,652</u>	<u>\$ 175,041</u>	<u>\$ 1,370,693</u>

See accompanying notes.

NORTHLAKE HOMELESS COALITION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>Total</u>
EXPENSES:			
Salaries and related benefits	\$ 413,866	\$ 103,466	\$ 517,332
Rental assistance	42,723	-	42,723
Outreach supplies	20,313	-	20,313
Motel vouchers	28,043	-	28,043
Other program expenses	147,198	-	147,198
HMIS	82,931	-	82,931
Professional fees	3,003	12,010	15,013
Insurance	14,242	3,560	17,802
Auto expense	137	34	171
Utilities	3,988	997	4,985
Depreciation	7,736	1,934	9,670
Interest	5,500	1,375	6,875
Phone	8,258	2,065	10,323
IT	3,712	928	4,640
Rent	9,120	2,280	11,400
Printing	663	166	829
Cleaning	2,400	600	3,000
Storage	1,256	314	1,570
Meeting expenses	2,663	666	3,329
Training	9,702	2,425	12,127
Dues	772	193	965
Other	3,240	810	4,050
HUD repayment	-	50,324	50,324
TOTAL	<u>\$ 811,464</u>	<u>\$ 184,149</u>	<u>\$ 995,613</u>

See accompanying notes.

NORTHLAKE HOMELESS COALITION  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (73,749)	\$ (30,915)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	13,328	9,670
(Increase) decrease in operating assets:		
Grants receivables	19,111	39,515
Deposit	(438)	-
Increase (decrease) in operating liabilities:		
Accounts payable	(8,393)	38,154
Accrued payroll	(880)	10,583
Accrued interest	2,649	6,875
Refundable advance	-	(6,838)
HUD repayment	(16,775)	33,550
Net cash provided (used) by operating activities	<u>(65,147)</u>	<u>100,594</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of property and equipment	<u>(5,448)</u>	<u>(52,349)</u>
Net cash used in investing activities	<u>(5,448)</u>	<u>(52,349)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from SBA Economic Injury loan	<u>100,000</u>	<u>-</u>
Net cash provided by financing activities	<u>100,000</u>	<u>-</u>
<b>NET INCREASE IN CASH</b>	<b>29,405</b>	<b>48,245</b>
<b>CASH - BEGINNING OF YEAR</b>	<b><u>75,226</u></b>	<b><u>26,981</u></b>
<b>CASH - END OF YEAR</b>	<b><u>\$ 104,631</u></b>	<b><u>\$ 75,226</u></b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Noncash investing and financing transactions:		
Cash paid for the following:		
Interest	<u>\$ 3,306</u>	<u>\$ -</u>
Income tax	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.

NORTHLAKE HOMELESS COALITION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

Northlake Homeless Coalition (the Coalition), a Louisiana non-profit organization, is a network of private and public service providers working together to end the ravages of homelessness in the southeast Louisiana parishes of Livingston, St. Helena, St. Tammany, Tangipahoa, and Washington. The Coalition's mission is to eliminate and thereafter prevent homelessness in this region. The objectives of the Coalition is to serve as the Department of Housing and Urban Development (HUD) designated Continuum of Care (CoC) for this region and align with HUD's stated purpose of the CoC program to: provide a community wide commitment to the goal of ending homelessness; provide funding for efforts to quickly re-house individuals and families experiencing homelessness; promote access to and effective use of mainstream programs; and optimize self-sufficiency among persons experiencing homelessness.

Federal Income Taxes

The Coalition is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provisions for Federal or State income taxes have been recorded in the financial statements.

Basis of Accounting

The Coalition prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, involving the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

The Coalition follows the provisions of the Not-for-Profit Entities Topic 958 of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under the Not-for-Profit Entities Topic of the FASB ASC, the Coalition is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- a) *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

NORTHLAKE HOMELESS COALITION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Presentation (Continued)

- b) *Net assets with donor restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulated that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

As of December 31, 2022 and 2021, there are no net assets with donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For financial statement purposes, the Coalition considers all highly-liquid investments purchased with a maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment is recorded at cost. Depreciation of property and equipment is based upon the estimated useful service lives, which range from 1 to 15 years, using the straight-line method. Maintenance and repairs are charged to expense, while additions and improvements are capitalized. Property acquisitions of non-expendable items with a value in excess of \$1,000 and a useful life of more than one year are capitalized and depreciated. Any purchases below this threshold are expensed.

Revenue and Support

Northlake Homeless Coalition receives as revenue and support grant revenues which management has determined are contributions. Northlake Homeless Coalition recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the

NORTHLAKE HOMELESS COALITION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Revenue and Support (Continued)

conditions on which they depend have been met. Once the condition is met, contributions are recorded as increases in net assets without donor restrictions or increases in net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a 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 statement of activities as net assets released from donor restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Functional Expenses

The costs of providing the Coalition's program and supporting services have been presented on a functional basis in the statement of activities which presents the natural classification detail of expenses by function. Expenses are first allocated by direct identification and then allocated if an expenditure benefits more than one program or function. Allocated expenses are allocated based on a reasonable basis that is consistently applied. Salaries and benefits are allocated based on estimated time spent for each function. All other expenses are allocated to functions based upon management's estimate of usage applicable to conducting these functions.

Advertising Costs

Advertising costs are expensed as incurred. There were no advertising expenses for the years ended December 31, 2022 and 2021.

New Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases* (Topic 842) which supersedes existing guidance. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of right-of-use assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Coalition adopted the requirements of ASU 2016-02 effective January 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption. The Coalition has elected to adopt the package of practical expedients available in the year of adoption. See Note 5 for additional information.

NORTHLAKE HOMELESS COALITION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Leases

The Coalition leases office space and equipment and determines if an agreement is a lease or contains a lease at inception. Under Accounting Standards Codification 842, an agreement is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from the use of the asset and the right to direct the use of the asset. The Coalition only reassesses its determination if the terms and conditions of the contract are changed.

The lease term for accounting purposes may include options to extend or terminate the lease when it is reasonably certain that the Coalition will exercise the option. Right-of-use assets and the corresponding lease liabilities are recorded at the commencement date based on the present value of lease payments over the expected lease term. The Coalition uses the risk free borrowing rate to calculate the present value of the lease payments for its operating leases unless the lease has a rate implicit in the lease.

Short term leases, or leases with a term of twelve months or less that do not contain a purchase option that is reasonably certain to be exercised are expensed and not capitalized.

In accordance with ASC 360, right-of-use assets are reviewed for impairment when indicators of impairment are present.

2. CASH:

The Coalition's bank balance as of December 31, 2022 and 2021 was \$99,593 and \$76,176, respectively. The balances are fully insured by the Federal Deposit Insurance Corporation (FDIC), which insures up to \$250,000 per account category per financial institution.

3. GRANTS RECEIVABLE:

Under the terms of the various grant agreements, the Coalition had a total due from various grantors of \$225,515 and \$244,626 at December 31, 2022 and 2021, respectively. The Coalition has determined that an uncollectible allowance is not required, and the balance is considered to be fully collectible.

NORTHLAKE HOMELESS COALITION  
NOTES TO FINANCIAL STATEMENTS  
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4. PROPERTY AND EQUIPMENT:

The following is a summary of changes in property and equipment for the years ended December 31, 2022 and 2021:

	Balance <u>1/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/2022</u>
Furniture and fixtures	\$ 3,535	\$ 2,635	\$ -	\$ 6,170
Computer Equipment	19,915	2,813	-	22,728
Vehicles	43,240	-	-	43,240
	<u>66,690</u>	<u>5,448</u>	<u>-</u>	<u>72,138</u>
Accumulated depreciation	(11,057)	(13,328)	-	(24,385)
Net property and equipment	<u>\$ 55,633</u>	<u>\$ (7,880)</u>	<u>\$ -</u>	<u>\$ 47,753</u>

  

	Balance <u>1/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/2021</u>
Furniture and fixtures	\$ 3,535	\$ -	\$ -	\$ 3,535
Computer Equipment	10,806	9,109	-	19,915
Vehicles	-	43,240	-	43,240
	<u>14,341</u>	<u>52,349</u>	<u>-</u>	<u>66,690</u>
Accumulated depreciation	(1,387)	(9,670)	-	(11,057)
Net property and equipment	<u>\$ 12,954</u>	<u>\$ 42,679</u>	<u>\$ -</u>	<u>\$ 55,633</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$13,328 and \$9,670, respectively.

5. LEASES:

The Coalition entered into a short-term lease agreement for office space in the amount of \$875 per month. The lease agreement is a one-year agreement commencing January 15, 2022 and terminating January 31, 2023 with a one year option to renew. The Coalition does not expect to exercise the option to renew. Total rent expense for the years ended December 31, 2022 and 2021 was \$9,625 and \$-0-, respectively.

The Coalition entered into a long term operating lease agreement for office space that commenced October 1, 2022 and terminates September 30, 2024 with monthly payments of \$1,050. At the end of the lease, the Coalition has an option to renew for one additional year with a 5% increase in rent. The Coalition does expect to exercise its option to renew. This lease agreement did not specify an explicit interest rate, therefore, the Coalition used its risk-free rate of 1.04% in calculating the right-of-use asset and lease liability. Upon commencement of the lease, using the

NORTHLAKE HOMELESS COALITION  
NOTES TO FINANCIAL STATEMENTS  
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5. LEASES: (Continued)

original lease term in addition to the option to renew lease term, the right-of-use asset and lease liability were \$37,814 and \$37,814, respectively.

The Coalition leases a copy machine under a long term operating lease agreement that commenced December 15, 2021 and terminates December 15, 2025 with payments of \$114 per month. There are no variable lease payments under this lease, and the Coalition does not have any right to extend or terminate the lease. At the end of the lease, unless the copier is returned or purchased, the lease will continue on a month-to-month basis. This lease agreement did not specify an explicit interest rate, therefore, the Coalition used its risk-free rate of 3.25% in calculating the right-of-use asset and lease liability. Upon commencement of the lease, the right-of-use asset and lease liability were \$5,114 and \$5,114, respectively.

The following summarizes the line items in the statement of financial position for the operating leases as of December 31, 2022:

Assets:		
Operating	Right-of-use assets - office lease	\$ 34,760
	Right-of-use assets - copy machine	3,897
		\$ 38,657
Liabilities:		
Current:		
Operating	Operating lease - liability - office lease	\$ 12,298
	Operating lease - liability -copy lease	1,257
		\$ 13,555
Non-current		
Operating	Operating lease - liability - office lease	\$ 22,462
	Operating lease - liability -copy lease	2,640
		\$ 25,102

As of December 31, 2022 the weighted average remaining lease terms and weighed average discount rate is 1.87 years and 1.25% respectively.

NORTHLAKE HOMELESS COALITION  
NOTES TO FINANCIAL STATEMENTS  
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5. LEASES: (Continued)

The maturities of lease liabilities as of December 31, 2022 are as follows:

<u>Year Ended</u>	<u>Lease Obligation</u>
2023	\$ 13,965
2024	14,122
2025	<u>11,289</u>
Total Lease Payments	39,376
Less: interest	<u>(719)</u>
Present Value of Lease Liabilities	<u>\$ 38,657</u>

The following summarizes the line items in the statement of activities for the operating leases as of December 31, 2022:

<u>Lease Cost</u>	<u>Classification</u>	<u>Amount</u>
Operating leases	Included in operating expense as lease	\$ 4,515
Short term leases	Included in operating expenses as lease	<u>18,100</u>
	Net Lease Cost	<u>\$ 22,615</u>

The following summarizes the line items in the statement of cash flows for the operating leases as of December 31, 2022:

Cash paid for amounts included in measurement of lease liabilities:

Operating cash flows from operating leases	\$ 4,515
--	----------

Lease assets obtained in exchange for lease liabilities:

Operating lease – office	\$37,814
Operating lease – copy	\$ 5,114

NORTHLAKE HOMELESS COALITION  
 NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

6. SBA ECONOMIC INJURY DISASTER LOAN:

The Coalition entered into a loan agreement with the SBA on May 28, 2020 in the amount of \$150,000 to be used for working capital to alleviate economic injury caused by the disaster occurring in the month of January 31, 2020. Interest of 2.75% per annum will accrue on funds advanced from the SBA. Monthly installment payments, including interest and principal in the amount of \$641 will begin 12 months from the date of the promissory note with the balance due 30 years from the date of the promissory note. Monthly payments will be applied first to interest accrued to the date of receipt of each payment and the balance, if any will be applied to principal. Collateral on the loan includes tangible and intangible personal property of the Coalition. On April 16, 2022, a modification was made on the original loan for an additional \$100,000, which deferred the first monthly payment to begin 24 months from the original date of the loan. The balance of the loan as of December 31, 2022 and 2021 was \$250,000 and \$150,000, respectively. Interest accrued on the loan during the years ended December 31, 2022 and 2021 in the amount of \$5,955 and \$4,125, respectively. Payments during the year ended December 31, 2022 in the amount of \$3,306 were applied to accrued interest. The balance of interest accrued as of December 31, 2022 and 2021 was \$9,524 and \$6,875, respectively.

Future payments on the loan as of December 31, 2022 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ -	\$ 6,750
2024	3,193	6,570
2025	6,518	6,384
2026	6,700	6,194
2027-Thereafter	233,589	75,625
	<u>\$ 250,000</u>	<u>\$ 101,523</u>

7. FEDERAL AND STATE GRANTS:

The Coalition participates in a number of federal and state grant programs, which are governed by various rules and regulations of each grantor agency. Costs charged to each respective grant program are subject to audit and adjustment by the grantor agency; therefore, to the extent that the Coalition has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables at December 31, 2022 and 2021 may be impaired. As a result of an audit by HUD, the Coalition is required to repay funds received through the Continuum of Care grant in the amount of \$50,324 beginning January 2021. The repayment consist of semi-annual payments in the amount of \$8,387 for three years. The balance of funds due to HUD as of December 31, 2022 and 2021 is \$16,775 and \$33,550, respectively.

NORTHLAKE HOMELESS COALITION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

7. FEDERAL AND STATE GRANTS: (Continued)

In the opinion of the management of the Coalition, there are no other significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

8. REVENUE RECOGNITION:

Agency Fee Income

The Coalition's exchange transactions include revenues from agency fee income. Agency fee income are revenue for services provided by the Coalition to assist other agencies in obtaining funding. Earnings are based on a percentage of funds received by each Agency.

Revenue from agency fee income is recognized in the period of the service performed and there are no other performance obligations, which exist, and collectability is reasonably assured.

Contributions

The Coalition receives federal and state grants which management has determined are contributions. The federal and state grants that are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses, are recognized when the Coalition has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

During the years ended December 31, 2022 and 2021, the Coalition received grant funds from the Department of Housing and Urban Development, Louisiana Housing Corporation and United Way of Southeast Louisiana. The conditional grants are reported as revenue when qualifying expenses are incurred. Any conditional grant funds received in which the performance has not been met is reported as refundable advances in the statement of financial position. There were no refundable advances for conditional grants for the years ended December 31, 2022 and 2021.

9. UNCERTAIN TAX POSITIONS:

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Coalition believes it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements. Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

NORTHLAKE HOMELESS COALITION  
 NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

10. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The Coalition monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days, utilizing the financial resources the Coalition has available.

As of December 31, 2022 and 2021, financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, consist of the following:

	<u>2022</u>	<u>2021</u>
Cash	\$ 104,631	\$ 75,226
Grants receivables	225,515	244,626
	<u>\$ 330,146</u>	<u>\$ 319,852</u>

11. ECONOMIC DEPENDENCY:

A significant amount of the Coalition’s funding is provided through federal and state grants. If significant budget cuts are incurred by grantors, the amount of funds received by the Coalition could be significantly reduced and adversely affect the Coalition’s operations. Management is not aware of any actions that will adversely affect the amount of funding to be received by the Coalition in the next fiscal year.

12. RETIREMENT PLAN:

The Coalition adopted a 403(b) retirement plan. Employees are eligible to participate in the plan upon employment, but the employer's contribution is not allocated to the employee participant accounts until after one year of service. Full vesting of benefits occurs after six years of employment. Covered employees may voluntarily contribute up to the IRS limit: \$19,500 (\$26,000 over 50 years of age) and \$20,500 (\$27,000 over 50 years of age) for the year ended December 31, 2022. The Coalition makes a discretionary contribution equal to uniform percentage or dollar amount of employee’s elective deferral. The Coalition did not remit contributions for the year ended December 31, 2022.

13. RECLASSIFICATION:

The December 2021 year-end financial statements have been reclassified to correspond with December 2022 year-end financial statements. The reclassifications have no effect on net assets.

NORTHLAKE HOMELESS COALITION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

14. SUBSEQUENT EVENTS:

On March 6, 2023, the Coalition entered a purchase agreement to purchase real estate containing 4.55 acres in Hammond, LA. The purchase price was \$4.3 million. The property is expected to close in July 2023. The real estate property was purchased to serve as a shelter for the homeless. Management has evaluated subsequent events through the date that the financial statements were available to be issued, which was June 14, 2023.

SUPPLEMENTARY INFORMATION

NORTHLAKE HOMELESS COALITION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF COMPENSATION, BENEFITS, AND  
 OTHER PAYMENTS TO AGENCY HEAD  
FOR THE YEAR ENDED DECEMBER 31, 2022

Agency Head Name: Amanda Stapleton, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 73,200
Cell phone	928
Reimbursements*	9,683
Per diem	847
Travel - mileage	3,603
Travel - airfare/hotel	2,704
Conference travel	4,356
	<u>\$ 95,321</u>

\* *Reimbursements were business expenses related to the Coalition*

Louisiana Revised Statute (R.S.) 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees be reported as a supplemental report within the financial statements of local government and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that received public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.



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## 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

June 14, 2023

Board of Directors  
Northlake Homeless Coalition  
Slidell, 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 Northlake Homeless Coalition (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 14, 2023.

### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northlake Homeless Coalition's (the Coalition) 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 the Coalition's internal control. Accordingly, we do not express an opinion on the effectiveness of the Coalition's internal control.

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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 may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Coalition'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 Coalition'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.

*Duplantier, Chapman, Hogan and Parker, LLP*  
New Orleans, Louisiana



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

June 14, 2023

Board of Directors  
Northlake Homeless Coalition  
Slidell, Louisiana

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Northlake Homeless Coalition's (the Coalition) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Coalition's major federal programs for the year ended December 31, 2022. The Coalition's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Coalition complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

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### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditors' Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Coalition's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Coalition's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control over Compliance**

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

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

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

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

*Duplantier, Sharpner, Hogan and Grady, LLP*

New Orleans, Louisiana

NORTHLAKE HOMELESS COALITION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2022

Federal Grantor/ Pass-Through Grantor/ <u>Program Name</u>	Grant <u>Number</u>	Assistance Listing <u>Number</u>	<u>Federal Expenditures</u>
<u>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Continuum of Care Program	HMIS	LA0330L6H062103	14.267      \$ 82,124
Continuum of Care Program	HMIS Admin	LA0330L6H062103	14.267      10,704
Continuum of Care Program	Planning Grant	LA0366L6H062000	14.267      77,153
Continuum of Care Program	CAAS SS	LA0329L6H062103	14.267      235,277
Continuum of Care Program	CAAS Admin	LA0329L6H062103	14.267      18,065
Continuum of Care Program (DV)	CAAS DV	LA0351D6H062102	14.267      128,919
Continuum of Care Program (DV)	CAAS DV Admin	LA0351D6H062102	14.267      11,052
			<u>563,293</u>
<u>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed through Louisiana Housing Corporation Emergency Solutions Grant			14.231 <u>675,661</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,238,955</u>

See the accompanying notes to the schedule of expenditures of federal awards.

NORTHLAKE HOMELESS COALITION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2022

BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal award activity of Northlake Homeless Coalition under programs of the federal government for the year ended December 31, 2022. The information in the schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule of expenditures of federal awards presents only a selected portion of the operations of Northlake Homeless Coalition, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Northlake Homeless Coalition.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying schedule of expenditures of federal awards includes the federal award activity of Northlake Homeless Coalition and is presented on the accrual basis of accounting. Grant revenues are recorded, for financial reporting purposes, when Northlake Homeless Coalition has met the cost of reimbursement or funding qualifications for the respective grants.

INDIRECT COST RATE:

During the year ended December 31, 2022, the Coalition did not elect to use the 10% de minimis cost rate as covered in §200.414 of *The Uniform Guidance*.

NORTHLAKE HOMELESS COALITION  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2022

SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued: Unmodified

Internal Control Over Financial Reporting:

- Material weakness(es) identified? \_yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_yes X no

Noncompliance material to financial statements noted? \_yes X no

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? \_yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_yes X no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516 of *The Uniform Guidance*: \_yes X no

Identification of major program:

<u>Assistance Listing Number</u>	<u>Program Title</u>	<u>Amount Provided</u>
14.267	Continuum of Care	<u>\$563,293</u>

- The threshold for distinguishing types A & B programs was program expenditures exceeding \$750,000.
- Northlake Homeless Coalition did not qualify as a low-risk auditee.

NORTHLAKE HOMELESS COALITION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2022

FINDINGS REQUIRED TO BE REPORTED UNDER *GOVERNMENT AUDITING*  
*STANDARDS* GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA:

None

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

None

NORTHLAKE HOMELESS COALITION  
INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES  
FOR THE FISCAL YEAR  
JANUARY 01, 2022–DECEMBER 31, 2022

NORTHLAKE HOMELESS COALITION

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

April 28, 2023

Board of Directors  
Northlake Homeless Coalition  
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 Statewide Agreed-Upon Procedures (SAUPs) for the year January 01, 2022 through December 31, 2022. Northlake Homeless Coalition's management is responsible for the control and compliance areas identified in the SAUPs.

Northlake Homeless Coalition 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 year January 01, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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**Written Policies and Procedures**

1. Obtain and inspected the entity's written policies and procedures and observed whether they addressed each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.
  - b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) Disbursements, including processing, reviewing and approving.
  - d) Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
  - e) Payroll/Personnel, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
  - f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
  - g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
  - h) Travel and Expense Reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
  - i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
  - j) Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
  - k) 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.

- l) Sexual Harassment, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

No findings noted as a result of applying the above agreed-upon procedures.

### **Board or Finance Committee**

2. Obtain and inspect the board/finance committee minutes for the calendar year, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the calendar year, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the calendar year.*
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the calendar year referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
  - d) 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.

No findings noted as a result of applying the above agreed-upon procedures.

**Bank Reconciliations**

3. Obtain a listing of entity bank accounts for the calendar year 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 selected 4 additional accounts (or all accounts if less than 5). Randomly select one month from the calendar year, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observed that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No findings noted as a result of applying the above agreed-upon procedures.

**Collections (excluding electronic funds transfers)**

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

No findings noted as a result of applying the above agreed-upon procedures.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

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

No findings noted as a result of applying the above agreed-upon procedures.

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

No findings noted as a result of applying the above agreed-upon procedures.

- 7. Randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliation" 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). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe 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 or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

No findings noted as a result of applying the above agreed-upon procedures.

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

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

No findings noted as a result of applying the above agreed-upon procedures.

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

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
- e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

The Coalition's policy and procedures do not include approval and payment process for disbursement of funds via ACH, EFT, wire transfer or some other electronic means.

Management's Response: The Coalition has voted to update the policies and procedures to include approval and payment process for disbursement of funds via ACH, EFT, wire transfers and other electronic means.

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

No findings noted as a result of applying the above agreed-upon procedures.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the calendar year, 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.

No findings noted as a result of applying the above agreed-upon procedures.

12. Using the listing prepared by management randomly select 5 cards (or all cards if less than 5) that were used during the calendar year. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe 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) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
- b) Observe that finance charges and late fees were not assessed on the selected statements.

No findings noted as a result of applying the above agreed-upon procedures.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement and obtain supporting documentation for the transactions. For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny. For each transaction, observe it is supported by:
  - a) An original itemized receipt that identifies precisely what was purchased,
  - b) Written documentation of the business/public purpose,
  - c) Documentation of the individuals participating in meals (for meals charges only)

No findings noted as a result of applying the above agreed-upon procedures.

**Travel and Travel-Related Expense Reimbursement (excluding card transactions)**

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the calendar year and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration.
  - b) If reimbursed using actual cost, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation includes the names of those individuals participating and other documentation required by written policy (procedure #1h).
  - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

No findings noted as a result of applying the above agreed-upon procedures.

**Contracts**

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the calendar year. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe the contract was approved by the governing body/board, if required by policy or law.
  - c) If the contract was amended, observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms. (e.g., if approval is required for any amendment, was approval documented).
  - d) Randomly select one payment from the calendar year 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 findings noted as a result of applying the above agreed-upon procedures.

**Payroll and Personnel**

16. Obtain a listing of employees and officials employed during the calendar year and management's representation that the listing is complete. Randomly selected 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

No findings noted as a result of applying the above agreed-upon procedures.

17. Randomly select one pay period during the calendar year. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe supervisors approved the attendance and leave of the selected employees or officials.
  - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No findings noted as a result of applying the above agreed-upon procedures.

18. Obtain a listing of those employees or officials that received termination payments during the calendar year 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.

No findings noted as a result of applying the above agreed-upon procedures.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No findings noted as a result of applying the above agreed-upon procedures.

### **Ethics**

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above: obtain ethics documentation from management, and:
  - a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

This procedure is non-applicable to the Coalition.

### **Fraud Notice**

21. Obtain a listing of misappropriations of public funds and assets during the calendar year 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.

No findings noted as a result of applying the above agreed-upon procedures.

22. 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.

Upon applying the agreed-upon procedures above, it is noted that there is not a notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds posted on the premises or the website.

*Management's Response:* The Coalition has posted notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds posted on the premises and the website.

**Information Technology Disaster Recovery/Business Continuity**

23. Perform the following procedures

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week and was not stored on the government's local server or network. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observed evidence that the test/verification was successfully performed within the past 3 months.
- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly selected 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.

The results of our testing was communicate to management.

24. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9c.

The results of our testing was communicate to management.

***Prevention of Sexual Harassment***

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25. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

This procedure is non-applicable to the Coalition.

26. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

This procedure is non-applicable to the Coalition.

27. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;
- ii. Number of sexual harassment complaints received by the agency;
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

This procedure is non-applicable to the Coalition.

We were engaged by Northlake Homeless Coalition 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 Northlake Homeless Coalition 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 results 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 Louisiana Legislative Auditor as a public document.

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