



THE FAMILY CENTER OF HOPE, INC.
Independent Auditor's Report and Financial Statements
For the Year Ended December 31, 2018

Wharton CPA, LLC

The Family Center of Hope, Inc.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Family Center of Hope, Inc.

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of The Family Center of Hope, Inc. (Family Center of Hope), which comprise the statement of financial position as of December 31, 2018, and the related statement of activities, functional expenses, and cash flow for the year then ended, and the related notes to financial statements.

In my opinion, the financial statements present fairly, in all material respects, the financial position of The Family Center of Hope, Inc. as of December 31, 2018, and the changes in 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

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of The Family Center of Hope, Inc., and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Family Center of Hope'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

My 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 my 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*, I:

- 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 Family Center of Hope'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Family Center of Hope's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated April 14, 2023 on my consideration of Family Center of Hope's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Family Center of Hope'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 Family Center of Hope's internal control over financial reporting and compliance.

Wharton CPA, LLC

New Orleans, Louisiana
April 14, 2023

**The Family Center of Hope
Statement of Financial Position
As of December 31, 2018**

<u>Assets</u>	
Current Assets	
Cash	\$ 1,579,720
Total Current Assets	<u>1,579,720</u>
Fixed Assets	
Land	101,351
Construction In Progress	532,604
Building and Equipment	950,000
Accumulated Depreciation	<u>(483,434)</u>
Total Fixed Assets (Net)	<u>1,100,521</u>
Total Assets	<u><u>\$ 2,680,243</u></u>
 <u>Liabilities and Net Assets</u>	
Accounts Payable	\$ 7,605
Unearned Grant Revenue	<u>1,462,930</u>
Total Liabilities	1,470,535
 <u>Net Assets</u>	
Opening Net Assets	\$ (59,737)
Temporarily Restricted	2,749,965
Unrestricted Net Assets	<u>(1,480,520)</u>
Total Net Assets	<u>1,209,708</u>
Total Liabilities and Net Assets	<u><u>\$ 2,680,243</u></u>

The accompanying notes are an integral part of these financial statements

The Family Center of Hope, Inc.
Statement of Activities
For the Year Ended December 31, 2018

	Net Assets		
	Unrestricted	Temporarily Restricted	Total
Revenues			
Revenues	\$ 11,534	\$ -	\$ 11,534
Grants and Contributions	1,172	382,604	383,776
Interest	-	-	-
Other	-	-	-
Net Assets Released From Restrictions	-	-	-
Total Income	<u>12,706</u>	<u>382,604</u>	<u>395,310</u>
Expense			
Program Services	6,611	-	6,611
Management and General	52,049	-	52,049
Total Expense	<u>58,660</u>	<u>-</u>	<u>58,660</u>
Change In Net Assets	(45,954)	382,604	336,650
Net Assets (Beginning)	<u>(1,434,566)</u>	<u>2,367,361</u>	<u>932,795</u>
Net Assets (Ending)	<u>\$ (1,480,520)</u>	<u>\$ 2,749,965</u>	<u>\$ 1,269,445</u>

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

The Family Center of Hope, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2018

Cash Flows From Operating Activities:

Changes in Net Assets	\$ 336,650
Adjustments to Reconcile Net Revenues over Expenditures to Net Cash Provided by Operating Activities	
Depreciation Expense	21,667
Changes in Operating Assets and Liabilities	
Accounts Payable	7,605
Unearned grant revenue	<u>1,462,930</u>
Net Cash Used by Operating Activities	1,828,852

Cash Flows From Investing Activities:

Purchase/Sale of Fixed Assets	<u>(387,431)</u>
Net Cash Used by Investing Activities	(387,431)

Cash Flows From Financing Activities:

Net Cash Provided by Financing Activities	0
Net Cash Increase for Period	<u>1,441,421</u>
Cash, At Beginning of Period January 1, 2018	<u>138,299</u>
Cash, At End of Period December 31, 2018	<u><u>\$ 1,579,720</u></u>

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

The Family Center of Hope, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2018

1. Summary of Significant Accounting Principles

General – The Family Center of Hope, Inc. is a not-for-profit social service organization based in New Orleans, Louisiana. Family Center of Hope’s was developed to assist children and adults in especially low-income areas with new and innovative forms of education, literacy, and training.

The Family Center of Hope’s mission is to be a holistic institution of education and social services from a faith based perspective to the entire family. These services are designed to address and effect change in the areas of community violence, drug use, school dropouts, teenage parenting and other dysfunctions within families. At the core of the center’s philosophy is a deeply embedded set of values about families and the nature of how help should be extended to them.

Basis of Accounting – Family Center of Hope’s financial statements are prepared on the accrual basis of accounting, in compliance with generally accepted accounting principles, whereby revenue is recorded when earned and expenses are recorded when incurred.

Property and Equipment - The straight line method of depreciation is used for the assets owned by The Family Center of Hope, Inc. The estimated useful lives of these assets, which consists of furniture and equipment range from 3 to 5 years.

Income Taxes – The Family Center of Hope, Inc. has been determined to be tax exempt under Section 501 (c) (3) of the Internal Revenue Code. The agency’s financial exposure would exist as it relates to potential unrelated business income.

Cash - Cash is comprised of cash on hand and in banks.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Net Assets

A description of the three types of Net Assets categories is described below:

Unrestricted net assets are comprised of funds without donor-imposed restrictions.

Temporarily restricted net assets include income, gifts, and contributions which have temporary restrictions that have not been met.

Permanently restricted net assets include income, gifts, and contributions which have donor-imposed restrictions to be invested in perpetuity and only the income from those investments can be made available for program operations.

As of December 31, 2018, Family Center of Hope Inc. had unrestricted net assets totaling (\$1,480,520) and temporarily restricted net assets of \$2,749,965 but there were no permanently restricted net assets.

3. Unearned Grant Revenue

Unearned grant revenue consists of FEMA funds provided in advance, to the organization for the purpose of completing major renovations to the building in which the program operates. The building suffered significant damage during Hurricane Katrina and remained in disrepair until FEMA funds were granted.

4. FIXED ASSETS

Property and equipment consisted of the following at December 31, 2018:

Furniture and Equipment	\$ 950,000
Accumulated Depreciation	<u>(483,434)</u>
Net Depreciable Assets	\$466,566
Construction In Progress	532,604
Land	<u>101,351</u>
Total Fixed Assets (net)	<u>\$1,100,521</u>

Depreciation expense was \$21,667 for the year ended December 31, 2018.

4. Economic Dependency

The Family Center of Hope, Inc. receives its funding primarily, from grants and private donations. The continuance of this program is dependent upon the agency's ability to continue receiving grants and donations, as well as to obtain new funding.

5. Functional Allocation of Expenses

The cost of providing the various programs and activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. 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 Family Center of Hope, Inc.

6. Subsequent Event

Management has evaluated subsequent events through the date that the financial statements are available to be issued, April 14, 2023 and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTAL INFORMATION

The Family Center of Hope, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2018

Expense	Program Services	Management & General	Total Expenses
Administrative Services	\$ -	\$ 22,820	\$ 22,820
Depreciation	0	21,667	21,667
Contracted Services	5,661	0	5,661
Utilities	0	4,711	4,711
Insurance	0	2,536	2,536
Materials	0	84	84
Licenses and Fees	265	0	265
Bank Service Charge	0	231	231
Marketing	685	0	685
Total Expenses	\$ 6,611	\$ 52,049	\$ 58,660

See Independent Auditor's Report.



WHARTON CPA, LLC

Brendel Wharton, CPA

**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
The Family Center of Hope, Inc.**

I have audited the financial statements of The Family Center of Hope, Inc. (a nonprofit organization) as of and for the year ended December 31, 2018, and have issued my report thereon dated April 14, 2023. I conducted my 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.

Internal Control over Financial Reporting

In planning and performing my audit, I considered Family Center of Hope's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Family Center of Hope's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-1 and 2018-2 that I consider to be a material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Family Center of Hope's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items 2018-1 and 2018-2.

Family Center of Hope's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Family Center of Hope's response to the findings identified in my audit and described in the accompanying schedule of findings and questioned costs. Family Center of Hope's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wharton CPA, LLC

New Orleans, Louisiana
April 14, 2023

The Family Center of Hope, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2018

2018-1 Late Audit Report Filing

Condition: The audit for the year ended December 31, 2018 was not completed and submitted until 2023.

Criteria: The Louisiana State audit law (LRS 24:513) requires the agency to complete its reporting requirements to the State within six (6) months following the end of its fiscal year.

Cause: A previously engaged CPA did not complete the audit timely and the agency had to engage a different CPA.

Effect: The audit is approximately five (5) years late.

Recommendation: It is recommended that the Agency procure CPA services in a timely manner to meet its reporting obligations under Louisiana State audit law.

2018-2 Public Bid Law

Condition: Family Center of Hope budgeted construction costs for damage to their property at over \$1,500,000, but the agency did not obtain formal bids for the work.

Criteria: The Louisiana State Public Bid law (RS 38-2212) requires the agency to advertise for and receive bids prior to contract issuance for public works exceeding \$250,000.

Cause: The cause is undeterminable.

Effect: The agency did not comply with the Louisiana Public Bid Law.

Recommendation: It is recommended that the comply with all applicable federal, state, and local laws regarding procurement of services.

The Family Center of Hope, Inc.
Status of Prior Year Findings
For the Year Ended December 31, 2018

There were no prior year findings and/or questioned costs.

Family Center of Hope Inc.

Compensation to Officers Schedule
2018

None noted.



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Family Center of Hope, Inc.
And the Louisiana Legislative Auditor:

I have performed the procedures enumerated in Schedule A on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2018. Management of the Family Center of Hope, Inc, the agency, is responsible for those C/C areas identified in the SAUPs.

The agency 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 ended December 31, 2018. 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 no 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 these purposes.

The procedures I performed, and the associated findings are summarized below each procedure, which is an integral part of this report.

I was engaged by the agency to perform this agreed-upon procedures engagement and conducted my engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards* I was 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, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

I am required to be independent of the agency and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Wharton CPA, LLC

New Orleans, LA
April 14, 2023

Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures

Year 2 – Fiscal Years Ending 6/30/2018 through 5/31/2019

Written Policies and Procedures

1. Obtain and inspect the entity’s written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity’s operations):¹
 - 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, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - 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**², including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected

¹ For governmental organization, the practitioner may eliminate those categories and subcategories that do not apply to the organization’s operations. For quasi-public organizations, including non-profits, the practitioner may eliminate those categories and subcategories that do not apply to public funds administered by the quasi-public.

² The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the non-profit should have written policies and procedures relating to ethics.

Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures Year 2 – Fiscal Years Ending 6/30/2018 through 5/31/2019

officials, annually attest through signature verification that they have read 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.

A Policies and Procedures manual was provided and addressed all of the above mentioned items.

Board or Finance Committee³

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - 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.

Meetings were held twice in 2018, March 2018 and September 2018 in accordance with the Board of Director's bylaws.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.⁴ *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Not applicable.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Not applicable

³ These procedures are not applicable to entities managed by a single elected official, such as sheriff or assessor.

⁴ Major funds are defined under GASB standards. The related procedure addresses major funds as a way to verify that boards are provided with financial information necessary to make informed decisions about significant entity operations, including proprietary operations that are not required to be budgeted under the LGBA.

***Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures
Year 2 – Fiscal Years Ending 6/30/2018 through 5/31/2019***

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management’s representation that the listing is complete. Ask management to identify the entity’s main operating account. Select the entity’s main operating account and randomly select 4 additional accounts⁵ (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Bank reconciliations were performed within 2 months of related statement closing dates.

- 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

Bank reconciliations were reviewed and acknowledged by a board member who did not handle cash, post ledgers or issue checks.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Not applicable

Collections

4. Obtain a listing of deposit sites⁶ for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management’s representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

There is only one deposit site for this organization.

5. For each deposit site selected, obtain a listing of collection locations⁷ and management’s representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire

⁵ Accounts selected may exclude savings and investment accounts that are not part of the entity’s daily business operations.

⁶ A deposit site is a physical location where a deposit is prepared and reconciled.

⁷ A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit.

***Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures
Year 2 – Fiscal Years Ending 6/30/2018 through 5/31/2019***

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 that are responsible for cash collections do not share cash drawers/registers.

There are no cash collections for this organization. Deposits made were from checks received and/or ach deposits.

- 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.

Cash collections were not made in 2018.

- 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.

Cash collections were not made in 2018.

- 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 verifies the reconciliation.

Cash collections were not made in 2018.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Cash collections were not made in 2018. Employees are not covered by a bond or insurance policy for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day)⁸. *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.

Deposits were made by FEMA via ach in 2018.

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

Deposits were made by FEMA via ach in 2018.

⁸ If “bank reconciliations” have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for bank reconciliations.

***Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures
Year 2 – Fiscal Years Ending 6/30/2018 through 5/31/2019***

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

Deposits were made by FEMA via ach in 2018.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Deposits were made by FEMA via ach in 2018.

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

No exceptions were noted.

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

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

There is one location that processes payments in 2018.

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.

Confirmed by management and review of policies and procedures manual.

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

Confirmed by management and review of policies and procedures manual.

- 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.

Confirmed by management and review of policies and procedures manual.

- 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.

Confirmed by management and review of policies and procedures manual.

***Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures
Year 2 – Fiscal Years Ending 6/30/2018 through 5/31/2019***

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted.

b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions noted.

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 fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

There were no active credit cards, debit cards, fuel cards or P-cards in 2018.

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

a) Observe that 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, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

There were no active credit cards, debit cards, fuel cards or P-cards in 2018.

b) Observe that finance charges and late fees were not assessed on the selected statements.

There were no active credit cards, debit cards, fuel cards or P-cards in 2018.

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 (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

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There were no active credit cards, debit cards, fuel cards or P-cards in 2018

Travel and Travel-Related Expense Reimbursements⁹ (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

There were no travel expenses in 2018.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

There were no travel expenses in 2018.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

There were no travel expenses in 2018.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

There were no travel expenses in 2018.

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 fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law¹⁰ (e.g., solicited quotes or bids, advertised), if required by law.

⁹ Non-travel reimbursements are not required to be tested under this category.

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A solicitation for bids was made on behalf of the agency by their architect in 2018. The selection process did not include bid evaluations. See Finding 2018-2 from the audit report.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

No exception noted.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

No amendments in 2018.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exception noted.

Payroll and Personnel

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

There were no employees and -0- payroll expenses in 2018.

- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

There were no employees and -0- payroll expenses in 2018.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

There were no employees and -0- payroll expenses in 2018.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

There were no employees and -0- payroll expenses in 2018.

¹⁰ If the entity has adopted the state Procurement Code, replace "Louisiana Public Bid Law" with "Louisiana Procurement Code."

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18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Not Applicable

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

There were no employees and -0- payroll expenses in 2018.

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Ethics¹¹

20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above¹², obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

There were no employees and -0- payroll expenses in 2018. No ethics training noted for officials in 2018.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity’s ethics policy during the fiscal period.

There were no employees and -0- payroll expenses in 2018. There was no documented verification of having read the entity’s ethics policy during 2018.

Debt Service¹³

21. Obtain a listing of bonds/notes issued during the fiscal period and management’s representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Not Applicable

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Not Applicable

¹¹ The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the procedures should be performed.

¹² If “payroll and personnel” have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for payroll and personnel.

¹³ This AUP category is generally not applicable to non-profit entities; however, if applicable, the procedures should be performed.

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Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

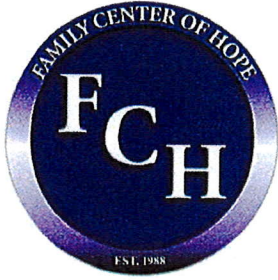
Not Applicable

24. Observe that the entity has posted on its premises¹⁴ and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.¹⁵

No evidence of this posting in 2018, however, the notice was on file.

¹⁴ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs.

¹⁵ This notice is available for download or print at www.la.gov/hotline.



**FAMILY
CENTER
OF HOPE**

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Response to Audit Finding 2018-1 Late Audit Report Filing

Family Center of Hope solicited 5 bids from Certified Public Accounting Firms who are listed on the Louisiana Legislative Auditor's approved list in preparation to conduct the required 2018 audit, in a timely manner January 2019. The Board of Directors vetted and approved Sean Bruno Accounting Firm to conduct the 2018 audit. Family Center of Hope received an engagement letter and provided Sean Bruno Accounting Firm all the necessary documents to complete the 2018 audit. Sean Bruno Accounting Firm never completed the audit. The Family Center of Hope Board of Directors selected another Certified Public Accounting firm from the approved listing to complete the 2018 audit.

Response to Audit Finding 2018-2 Public Bid Law

Family Center of Hope completed the public bid process guided by Modus Inc. Architects and Planners and C Watson Group LLC. [NOTE: The work performed was continued work of the previous City of New Orleans Building Permit (08com-00841)].

No one submitted a bid due to the complexity of the project (SEE NOTE BELOW). FEMA urgently wanted the project moving. Therefore, with FEMA consultation the Family Center Hope chose a "Design-Build" approach which is the selection of a licensed contractor and subs to complete the project. This process was in compliance with FEMA policy noted in the FEMA Public Assistance Handbook page 15:

Project Formation

Method of Work – a project may be grouped by how the work will be completed. For example, all work completed under a single contract may be a project. Or, all work undertaken by a force account crew may be a project.

Complex – for extensive damage to several facilities at a complex (for example, a high school) all damage could be combined into one project, or separated into several projects, such as roof repair, or work done by a single contractor, or all repairs done by force account.

The project was completed, passed all required inspections, and was not over budget.

[NOTE: Regarding no one submitting bids: it is our understanding that no one submitted bids because they were uncertain of the accuracy of the prior architectural drawings, uncertain of the accuracy of the construction work by the prior contractor, and the uncertainty of the existing conditions and damages to the building. Due to these uncertainties no one submitted bids for HIGH RISK of potential profit lost and potential time lost on the project.]