

**RAYS OF SONSHINE**

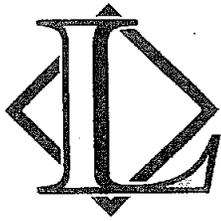
**Audited Financial Statements  
For the Years Ended December 31, 2013 and 2012**

RAYS OF SONSHINE

For the Years Ended December 31, 2013 and 2012

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**LITTLE & ASSOCIATES LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Rays of Sonshine  
Monroe, LA 71201

**Report on the Financial Statements**

We have audited the accompanying financial statements of Rays of Sonshine, which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements 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 the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rays of Sonshine as of December 31, 2013 and 2012, 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.

**Other Matters*****Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated 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 July 31, 2014 on our consideration of Rays of Sonshine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Rays of Sonshine's internal control over financial reporting and compliance.

Monroe, Louisiana  
July 31, 2014

A handwritten signature in blue ink, appearing to read "L. J. [unclear] & Associates, LLC".

## FINANCIAL STATEMENTS

RAYS OF SONSHINE

Statements of Financial Position

	December 31, 2013		
	Unrestricted	Temporarily Restricted	Total
<b>Assets</b>			
Cash	\$ 152,546	\$ 7,977	\$ 160,523
Investments	128,590	-	128,590
Accounts Receivable			
Federal	20,555	-	20,555
Services	49,472	-	49,472
United Way	-	12,500	12,500
Other	3,555	-	3,555
Land, Building and Equipment	3,821,176	-	3,821,176
Accumulated Depreciation	(540,648)	-	(540,648)
Prepaid Expenses	15,451	-	15,451
Deposits	8,371	-	8,371
	<u>3,659,068</u>	<u>20,477</u>	<u>3,679,545</u>
Total Assets	<u>\$ 3,659,068</u>	<u>\$ 20,477</u>	<u>\$ 3,679,545</u>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 44,216	\$ -	\$ 44,216
Deferred Revenue	496	-	496
Accrued Payroll and Payroll Taxes	15,059	-	15,059
Rental Deposits	10,021	-	10,021
Received from Residents	8,719	-	8,719
Notes Payable	2,308,924	-	2,308,924
Total Liabilities	<u>2,387,435</u>	<u>-</u>	<u>2,387,435</u>
<b>Net Assets</b>			
Unrestricted	1,271,633	-	1,271,633
Temporarily Restricted	-	20,477	20,477
Total Net Assets	<u>1,271,633</u>	<u>20,477</u>	<u>1,292,110</u>
Total Liabilities and Net Assets	<u>\$ 3,659,068</u>	<u>\$ 20,477</u>	<u>\$ 3,679,545</u>

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

RAYS OF SONSHINE

Statements of Financial Position

	December 31, 2012		
	Unrestricted	Temporarily Restricted	Total
<b>Assets</b>			
Cash	\$ 72,384	\$ -	\$ 72,384
Investments	128,577	-	128,577
Accounts Receivable			
Federal	48,393	-	48,393
Services	24,926	-	24,926
United Way	-	12,500	12,500
Other	2,235	-	2,235
Land, Building and Equipment	3,761,049	-	3,761,049
Accumulated Depreciation	(414,580)	-	(414,580)
Prepaid Expenses	9,436	-	9,436
Deposits	8,371	-	8,371
Total Assets	<u>\$ 3,640,791</u>	<u>\$ 12,500</u>	<u>\$ 3,653,291</u>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 72,203	\$ -	\$ 72,203
Deferred Revenue	30,308	-	30,308
Accrued Payroll and Payroll Taxes	21,090	-	21,090
Rental Deposits	8,640	-	8,640
Received from Residents	3,694	-	3,694
Notes Payable	2,250,188	-	2,250,188
Total Liabilities	<u>2,386,123</u>	<u>-</u>	<u>2,386,123</u>
<b>Net Assets</b>			
Unrestricted	1,254,668	-	1,254,668
Temporarily Restricted	-	12,500	12,500
Total Net Assets	<u>1,254,668</u>	<u>12,500</u>	<u>1,267,168</u>
Total Liabilities and Net Assets	<u>\$ 3,640,791</u>	<u>\$ 12,500</u>	<u>\$ 3,653,291</u>

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

RAYS OF SONSHINE

Statements of Activities  
For the Years Ended

	December 31, 2013		
	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue</b>			
Federal			
Supportive Housing Program	\$ 205,466	\$ -	\$ 205,466
Emergency Food Assistance Program - Noncash	64,408	-	64,408
LISC	58,043	-	58,043
HOME Investment Partnership Program	70,896	-	70,896
EFS Grant Revenue	4,453	-	4,453
Federal - Payments for Services			
Block Grant	351,946	-	351,946
Access to Recovery	24,480	-	24,480
Emergency Food Assistance - Nonfederal	441,328	2,553	443,881
Other Nonfederal Grants	28,184	2,124	30,308
Contributions	116,490	3,300	119,790
United Way Allocation	13,031	12,500	25,531
Program Service Fees	90,133	-	90,133
Charitable Gaming	107,411	-	107,411
Cash Prizes	(34,125)	-	(34,125)
Other Revenue	28,754	-	28,754
Rental Revenue	78,119	-	78,119
Total	1,649,017	20,477	1,669,494
Net Assets Released from Restriction	12,500	(12,500)	-
Total Support and Revenue	1,661,517	7,977	1,669,494
<b>Expenses</b>			
Program Services			
Manna Pantry	519,667	-	519,667
Sonshine Coffee	9,121	-	9,121
R.E.A.P.	67,318	-	67,318
Women's Residence	93,184	-	93,184
The Kitchen	76,041	-	76,041
Sonshine Community of Hope	128,423	-	128,423
Transitional Housing 1	4,677	-	4,677
Transitional Housing 2	56,561	-	56,561
Breard Apartments	149,691	-	149,691
Mothers With Children	132,856	-	132,856
Atkins Quarters	2,884	-	2,884
LISC	48,928	-	48,928
SSHII	37,288	-	37,288
Total Program Services	1,326,639	-	1,326,639
Support Services			
Charitable Gaming	57,543	-	57,543
Management and General	260,370	-	260,370
Total Support Services	317,913	-	317,913
Total Expenses	1,644,552	-	1,644,552
Increase (Decrease) in Net Assets	16,965	7,977	24,942
Net Assets at Beginning of Year	1,254,668	12,500	1,267,168
Net Assets at End of Year	\$ 1,271,633	\$ 20,477	\$ 1,292,110

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

RAYS OF SONSHINE

Statements of Activities  
For the Years Ended

	December 31, 2012		
	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue</b>			
Federal			
Supportive Housing Program	\$ 191,406	-	\$ 191,406
Emergency Food Assistance Program - Noncash	80,058	-	80,058
Emergency Food Assistance Program	6,397	-	6,397
LISC	77,169	-	77,169
HOME Investment Partnership Program	335,104	-	335,104
Federal - Payments for Services			
Block Grant	308,102	-	308,102
Access to Recovery	25,140	-	25,140
Emergency Food Assistance - Nonfederal	261,803	-	261,803
Other Nonfederal Grants	167,192	-	167,192
Contributions	195,994	-	195,994
United Way Allocation	14,832	12,500	27,332
Program Service Fees	9,054	-	9,054
Charitable Gaming	129,518	-	129,518
Cash Prizes	(45,782)	-	(45,782)
Other Revenue	48,219	-	48,219
Rental Revenue	51,171	-	51,171
Total	1,855,377	12,500	1,867,877
Net Assets Released from Restriction	10,000	(10,000)	-
Total Support and Revenue	1,865,377	2,500	1,867,877
<b>Expenses</b>			
Program Services			
Manna Pantry	405,551	-	405,551
Sonshine Coffee	10,026	-	10,026
R.E.A.P.	284,218	-	284,218
Women's Residence	62,791	-	62,791
The Kitchen	40,622	-	40,622
Sonshine Community of Hope	132,325	-	132,325
Transitional Housing 1	15,699	-	15,699
Transitional Housing 2	26,616	-	26,616
Breard Apartments	58,116	-	58,116
Mothers With Children	139,753	-	139,753
Atkins Quarters	2,692	-	2,692
LISC	57,903	-	57,903
SSHII	47,228	-	47,228
Total Program Services	1,283,540	-	1,283,540
Support Services			
Charitable Gaming	68,096	-	68,096
Management and General	140,651	-	140,651
Total Support Services	208,747	-	208,747
Total Expenses	1,492,287	-	1,492,287
Increase (Decrease) in Net Assets	373,090	2,500	375,590
Net Assets at Beginning of Year	881,578	10,000	891,578
Net Assets at End of Year	<u>\$ 1,254,668</u>	<u>\$ 12,500</u>	<u>\$ 1,267,168</u>

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

RAY'S OF SONSHINE

Statement of Functional Expenses

For the Year Ended December 31, 2013

	Program Services										
	Manna Pantry	Sonshine Coffee	R.E.A.P.	Women's Residence	The Kitchen	Sonshine Community of Hope	Transitional Housing j	Transitional Housing 2	Bread Apartments (HUD)	Mothers With Children	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Alarm System	-	-	-	-	-	-	-	-	-	-	507
Automobile	-	425	17,661	469	-	-	-	308	308	463	
Bad Debts	-	-	-	-	-	1,469	-	-	-	-	
Bank Service Charge	-	1	166	-	-	12	-	-	85	210	
Contract Services	-	-	5,870	-	-	-	-	-	-	-	
Contributions	-	-	-	-	-	-	-	-	-	-	
Depreciation and Amortization	13,467	27	1,701	1,235	-	57,320	27	111	5,788	7,553	
Dues and Subscriptions	-	-	1,141	-	-	-	-	-	-	-	
Equipment (<\$1,000)	-	-	-	-	-	-	-	662	1,035	-	
Insurance	-	300	3,578	4,018	-	2,570	355	1,673	3,493	2,901	
Interest Expense	-	-	3,258	4,755	-	16,465	-	-	8,703	6,422	
Licenses and Permits	-	50	2,498	-	-	-	-	-	-	945	
Marketing and Publicity	-	-	-	-	-	-	-	-	-	-	
Meals	-	-	468	-	-	-	-	-	-	-	
Miscellaneous	-	-	108	-	-	260	-	-	-	60	
Office Expenses	-	44	316	-	-	-	-	-	-	-	
Printing	-	-	540	64	-	-	-	222	222	64	
Postage	-	-	55	-	-	-	-	-	-	-	
Professional Fees	-	-	2,000	-	-	-	-	3,030	7,130	-	
Program Expense	-	-	6,626	125	-	-	-	-	2,280	-	
Repairs and Maintenance	3,310	449	4,304	3,911	-	26,613	887	3,280	10,575	3,476	
Rent	-	450	-	-	-	-	-	-	-	-	
Salaries and Benefits	15,178	4,050	7,915	61,963	-	19,269	-	34,574	80,735	85,295	
Software Services	-	-	-	-	-	-	-	-	-	-	
Supplies - Food	478,289	105	1,251	-	75,863	-	-	-	-	-	
Supplies	3	801	2,135	208	178	1,668	-	580	1,281	607	
Taxes	1,431	764	747	5,844	-	1,819	-	3,259	7,611	8,044	
Telephone	-	-	2,425	2,601	-	-	-	145	766	2,395	
Training	-	-	318	-	-	-	-	-	-	-	
Travel and Entertainment	-	-	920	-	-	-	-	-	-	-	
Utilities	7,989	1,655	1,317	7,991	-	958	3,408	8,717	19,319	13,914	
Total Expenses	\$ 519,667	\$ 9,121	\$ 67,318	\$ 93,184	\$ 76,041	\$ 128,423	\$ 4,677	\$ 56,561	\$ 149,691	\$ 132,856	

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

RAYS OF SONSHINE

Statement of Functional Expenses

For the Year Ended December 31, 2013

	Program Services			Supporting Services			
	Atkins Quarters	LISC	Sonshine House II	Total Program Services	Charitable Gaming	Management and General	Total
Alarm System	\$ -	\$ -	\$ -	\$ 867	\$ -	\$ 317	\$ 1,184
Automobile	-	-	44	19,678	-	5,005	24,683
Bad Debts	-	-	-	1,469	-	-	1,469
Bank Service Charge	-	-	30	504	90	5,734	6,328
Contract Services	-	-	1,500	7,370	-	1,554	8,924
Contributions	2,684	-	-	2,684	-	-	2,684
Depreciation and Amortization	16	-	17,210	104,455	-	21,613	126,068
Dues and Subscriptions	-	-	-	1,141	-	120	1,261
Equipment (<\$1,000)	-	-	-	1,697	-	76	1,773
Insurance	-	-	940	19,828	-	6,125	25,953
Interest Expense	-	-	7,624	47,227	-	5,900	53,127
Licenses and Permits	-	-	-	3,493	-	52	3,545
Marketing and Publicity	-	-	-	-	-	85	85
Meals	-	-	-	468	-	-	468
Miscellaneous	-	-	-	428	-	194	622
Office Expenses	-	55	80	495	3,750	1,740	5,985
Printing	-	-	-	1,112	-	1,746	2,858
Postage	184	-	22	261	12	1,566	1,839
Professional Fees	-	26,450	-	38,610	-	15,502	54,112
Program Expense	-	-	-	9,031	861	3,523	13,415
Repairs and Maintenance	-	-	1,712	58,517	4	16,040	74,561
Rent	-	-	-	450	36,831	-	37,281
Salaries and Benefits	-	20,491	-	329,470	12,780	126,826	469,076
Software Services	-	-	-	-	-	3,840	3,840
Supplies - Food	-	-	-	555,508	-	829	556,337
Supplies	-	-	286	7,747	1,243	6,786	15,776
Taxes	-	1,932	-	31,451	1,972	11,959	45,382
Telephone	-	-	-	8,332	-	8,774	17,106
Training	-	-	-	318	-	466	784
Travel and Entertainment	-	-	-	920	-	-	920
Utilities	-	-	7,840	73,108	-	13,998	87,106
<b>Total Expenses</b>	<b>\$ 2,884</b>	<b>\$ 48,928</b>	<b>\$ 37,288</b>	<b>\$ 1,326,639</b>	<b>\$ 57,543</b>	<b>\$ 260,370</b>	<b>\$ 1,644,552</b>

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

RAYS OF SONSHINE

Statement of Functional Expenses

For the Year Ended December 31, 2012

	Program Services									
	Manna Pantry	Sonshine Coffee	R.E.A.P.	Women's Residence	The Kitchen	Sonshine Community of Hope	Transitional Housing 1	Transitional Housing 2	Breard Apartments (HUD)	Mothers With Children
Alarm System	\$ -	\$ -	\$ -	\$ 494	\$ -	\$ -	\$ -	\$ -	\$ 1,436	\$ 2,260
Automobile	-	-	23,817	-	-	-	166	-	-	500
Bad Debts	-	-	-	-	-	2,142	-	-	-	-
Bank Service Charge	-	-	15	18	-	-	-	-	-	-
Contract Services	-	-	8,600	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-
Depreciation and Amortization	11,178	2,927	6,215	5,086	-	47,150	375	5,550	8,609	7,002
Dues and Subscriptions	-	-	793	-	-	-	-	-	-	-
Insurance	-	498	2,670	2,446	-	10,650	3,344	2,840	2,225	2,392
Interest Expense	-	271	-	7,196	-	18,471	-	-	9,331	6,877
Licenses and Permits	-	50	900	-	-	-	-	-	-	1,200
Marketing and Publicity	-	-	-	-	-	100	-	-	-	-
Meals	-	-	170	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	505	-	-
Office Expenses	-	-	199	-	-	-	-	-	-	-
Printing	-	-	1,009	-	-	-	-	-	-	-
Postage	-	-	163	-	-	227	-	-	-	101
Professional Fees	-	-	-	-	-	-	-	-	-	-
Program Expense	-	-	1,679	-	(135)	-	-	-	2,190	120
Repairs and Maintenance	2,341	887	9,767	6,447	-	9,402	5,239	5,829	2,855	2,296
Rent	-	1,800	-	-	-	-	-	-	-	-
Salaries and Benefits	37,700	841	196,731	30,263	-	24,126	-	554	17,307	88,500
Software Services	-	-	1,230	-	-	-	-	-	-	-
Supplies - Food	341,861	-	-	-	40,757	-	-	-	-	5,681
Supplies	199	739	4,920	167	-	13,147	-	468	677	423
Taxes	3,031	300	13,170	2,371	-	1,423	-	-	232	7,087
Telephone	-	-	4,488	1,562	-	-	-	214	214	2,338
Training	-	-	491	-	-	-	-	-	-	-
Travel and Entertainment	-	-	151	-	-	-	-	-	129	-
Utilities	9,241	1,713	7,040	6,741	-	5,487	6,575	10,656	12,911	12,976
Total Expenses	\$ 405,551	\$ 10,026	\$ 284,218	\$ 62,791	\$ 40,622	\$ 132,325	\$ 15,699	\$ 26,616	\$ 58,116	\$ 139,753

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

RAYS OF SONSHINE

Statement of Functional Expenses

For the Year Ended December 31, 2012

	Program Services			Supporting Services			Total
	Atkins Quarters	LISC	Sonshine House II	Total Program Services	Charitable Gaming	Management and General	
Alarm System	\$ -	\$ -	\$ -	\$ 4,190	\$ -	\$ 189	\$ 4,379
Automobile	-	-	-	24,483	-	863	25,346
Bad Debts	-	-	-	2,142	-	-	2,142
Bank Service Charge	-	-	-	33	68	3,527	3,628
Contract Services	-	-	-	8,600	-	-	8,600
Contributions	2,692	-	44,500	47,192	-	-	47,192
Depreciation and Amortization	-	-	-	94,092	-	17,993	112,085
Dues and Subscriptions	-	-	-	793	-	175	968
Insurance	-	-	-	27,065	-	8,825	35,890
Interest Expense	-	-	2,000	44,146	-	6,106	50,252
Licenses and Permits	-	-	-	2,150	-	-	2,150
Marketing and Publicity	-	-	-	100	-	917	1,017
Meals	-	-	-	170	-	298	468
Miscellaneous	-	-	(182)	323	2,226	(27)	2,522
Office Expenses	-	-	-	199	3,900	1,757	5,856
Printing	-	-	-	1,009	-	980	1,989
Postage	-	65	76	632	-	1,637	2,269
Professional Fees	-	36,250	-	36,250	1,800	26,428	64,478
Program Expense	-	-	-	3,854	475	765	5,094
Repairs and Maintenance	-	-	-	45,063	-	4,338	49,401
Rent	-	-	-	1,800	36,064	-	37,864
Salaries and Benefits	-	19,862	-	415,884	15,079	33,220	464,183
Software Services	-	-	-	1,230	-	5,462	6,692
Supplies - Food	-	-	-	388,299	-	90	388,389
Supplies	-	-	-	20,740	2,215	4,504	27,459
Taxes	-	1,726	-	29,340	6,269	7,928	43,537
Telephone	-	-	-	8,816	-	7,977	16,793
Training	-	-	-	491	-	1,130	1,621
Travel and Entertainment	-	-	-	280	-	611	891
Utilities	-	-	834	74,174	-	4,958	79,132
Total Expenses	\$ 2,692	\$ 57,903	\$ 47,228	\$ 1,283,540	\$ 68,096	\$ 140,651	\$ 1,492,287

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

RAYS OF SONSHINE

Statements of Cash Flows  
For the Years Ended

	For the Years Ended December 31,	
	2013	2012
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	\$ 24,942	\$ 375,590
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	126,068	108,068
Changes in Assets and Liabilities		
Accounts Receivable	1,972	216,632
Prepaid Expenses	(6,015)	(402)
Deposits	-	(591)
Accounts Payable	(27,987)	(277,152)
Deferred Revenue	(29,812)	(47,192)
Deposits Received on Rentals	6,406	4,089
Accrued Liabilities	(6,031)	11,847
Total Adjustments	64,601	15,299
Net Cash Provided (Used) by Operating Activities	89,543	390,889
Cash Flows from Investing Activities		
Purchase of Investments	(13)	(13)
Purchase of Property and Equipment	(60,127)	(740,028)
Net Cash Provided (Used) by Investing Activities	(60,140)	(740,041)
Cash Flows from Financing Activities		
Payment on Notes Payable	(162,547)	(59,852)
Proceeds from New Debt	221,283	322,988
Net Cash Provided (Used) by Financing Activities	58,736	263,136
Increase (Decrease) in Cash	88,139	(86,016)
Cash at beginning of Year	72,384	158,400
Cash at End of Year	\$ 160,523	\$ 72,384
Non-Cash Transactions are as follows		
Operating Activities		
Donations of Food from Food Bank	\$ 478,289	\$ 341,861
Disbursements of Food by the Zone	(478,289)	(341,861)
Total Operating Activities	-	-
Cash Paid for Interest	\$ 53,127	\$ 50,252

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

## RAYS OF SONSHINE

### Notes to Financial Statements For the Years Ended December 31, 2013 and 2012

#### Note 1 – Description of Organization

Rays of Sonshine (the Organization) was established in 1998 as a non-for-profit volunteer health and welfare organization for the purpose of working to assist individuals in crisis situations through various charitable and educational programs. In 2007 a subsidiary of Rays of Sonshine, Sonshine Neighborhoods and Properties, Inc., was established to construct new homes for rental to low income individuals.

#### Note 2 – Summary of Significant Accounting Policies

##### *(A) Basis of Accounting and Financial Statement Presentation*

The financial statements have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

In accordance with Financial Accounting Standard Board Accounting Standards Codification (FASB ASC) 958-205, the Organization is required to report information regarding its financial activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions.

##### *(B) Contributions*

In accordance FASB ASC 958-205, “Not For Profit Entities-Revenue Recognition”, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending upon the existence of donor-imposed restrictions. The Organization has elected to recognize temporarily restricted contributions which are released from the restriction in the same year as unrestricted contributions.

##### *(C) Donated Services*

Members, agencies, businesses, volunteers, and others contribute substantial services toward fulfillment of the projects initiated by the Organization. No amounts have been recognized in the Statement of Activities because the criteria for recognition of such volunteer efforts under FASB ASC 958-205 have not been satisfied.

##### *(D) Cash and Cash Equivalents*

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. For financial statement purposes, the Organization considers cash in its checking accounts to be the only cash items.

##### *(E) Fair Value Measurements*

Investments are reported at fair value in the Organization’s financial statements. Fair value represents the price that would be received upon sale of an asset or paid upon the

## RAYS OF SONSHINE

### Notes to Financial Statements For the Years Ended December 31, 2013 and 2012

#### *(E) Fair Value Measurements (Continued)*

transfer of a liability in an orderly transaction between market participants as of the measurement date. GAAP establishes a fair value hierarchy that prioritizes inputs used to measure fair value into levels:

Level 1- quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities.

Level 2- observable prices that are based on inputs not quoted in active markets, but corroborated by market data.

Level 3- unobservable inputs are used when little or no market is available.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. See Note 3 for further illustration.

#### *(F) Property and Equipment*

Property and equipment are stated at cost. The capitalization policy is to expense all items with a cost of less than \$1,000. All donated capital assets are recorded at fair market value on the date of the donation. Depreciation is computed on a straight-line and double declining balance basis over the useful lives of the assets using the following estimated lives:

	<u>Years</u>
Buildings and Improvements	30
Furniture and Equipment	10-30
Vehicles	3

#### *(G) Net Assets*

Unrestricted net assets represent the surplus accumulated over the years through the normal operations of the Organization. Income from restricted sources which is received during the year and for which the restrictions are satisfied within the same year, is represented in the changes in unrestricted net assets.

Temporarily restricted net assets at December 31, 2013 and 2012 were \$20,477 and \$12,500 respectively, which represents amounts due from the United Way of Northeast Louisiana, Inc., through June 30, 2013 and 2012 (\$12,500 and \$12,500, respectively). At December 31, 2013, contributions restricted for neighborhood clean-up activities per the Atkins Quarters Grant/Donations was \$2,924, contributions restricted for the Affordable Housing Donation-Van Trow was \$2,500, and contributions restricted for the purchase of grocery items per the Wal-mart Grant was \$2,553.

There were no permanently restricted net assets at June 30, 2013 and 2012.

## RAYS OF SONSHINE

### Notes to Financial Statements For the Years Ended December 31, 2013 and 2012

#### *(H) Grants*

The Organization receives commodities and other donated food items from the Food Bank of Northeast Louisiana, Inc. (the Food Bank). The Food Bank receives these items as a pass-through grant from the United States Department of Agriculture (USDA) or from other sources. The value of commodities is based on a price list from the USDA. The value for the other food items is based on an average cost per pound provided by America's Second Harvest.

The Local Initiatives Support Corporation has awarded a grant to the Organization that will help pay for consultant fees associated with implementation of a Neighborhood Stabilization Program.

All other grants are based on cost reimbursement.

#### *(I) Functional Expenses*

Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

#### *(J) Programs*

The Organization's principal programs are as follows:

Manna Pantry – A food pantry which distributes food to those in need. The food is obtained from the Northeast Louisiana Food Bank which includes food from the USDA.

R.E.A.P. (Overcomers) – This program provides classes to anyone in the community attempting to rebuild life and/or overcome destructive personal habits. Beginning in 2009, this program also encompasses The Mission which provides ministry services for those in crisis situations.

Women's Residence – This program provides shelter to women in crisis situations.

The Kitchen – This program is a food preparation program to provide meals for those individuals living in the Organization's half-way houses. It includes the warehouse which houses the Manna Pantry, as well as some disaster assistance supplies for the United Way of Northeast Louisiana, Inc., Habitat for Humanity and Volunteers of America.

Breard Apartments and Transitional Housing 1 and 2 provide shelter to homeless women that are attending treatment at Rays of Sonshine. What in previous years had been referred to as Transitional Housing 3 is now denoted the Mother's With Children program. This program provides shelter to homeless women that have children and are attending treatment at the Organization.

## RAYS OF SONSHINE

### Notes to Financial Statements For the Years Ended December 31, 2013 and 2012

#### *(J) Programs (Continued)*

Sonshine Coffee is a program designated to provide a training facility for women that are attending treatment at the Organization.

Sonshine Community of Hope is a program that will assist with the construction of new homes on adjudicated lands to be rented to low income individuals and subsidized by the U.S. Department of Housing and Urban Development.

Mother's With Children - This program provides shelter to homeless women that have children and are now attending treatment at Rays of Sonshine.

Homeless Prevention and Rapid Rehousing – This program provides rental assistance for those pre-qualified individuals or families suffering from homelessness or are at risk of homelessness. This program ended during 2012.

Atkins Quarters – This program provides funds for community development in one single neighborhood – Atkins Quarter.

Local Initiatives Support Corporation (LISC) – This program provides assistance in community development of various neighborhood projects.

Sonshine House II – This program provides 6 permanent apartment housing to low income individuals or families who qualify under HUD guidelines.

#### *(K) Income Taxes*

The Organization is exempt from income tax under Internal Revenue Code Section 501(c)(3). This code section enables the Organization to accept donations which qualify as charitable contributions to the donor. The only exception is the income tax paid on gambling proceeds. The Organization has adopted certain provisions of FASB ASC 740, *Income Taxes*. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's Federal Return of Organization Exempt from Income Tax (Form 990) and Exempt Organization Business Income Tax Return (Form 990-T) for the years ended December 31, 2012, 2011 and 2010 are subject to examination by the IRS, generally for three years after they are filed.

#### *(L) 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.

RAYS OF SONSHINE

Notes to Financial Statements  
For the Years Ended December 31, 2013 and 2012

Note 3 – Investments

The following table summarizes the Company's investments as of December 31, 2013 and 2012.

Description	Cost	Fair Value at Reporting Date Using Quoted Prices in Active Markets for Identical Assets (Level I)	Unrealized Gain/(Loss)
<u>December 31, 2013</u>			
Money Market Account with National Financial Services LLC			
Prime Fund Daily Money Class	\$ 128,590	\$ 128,590	\$ —
Total Investment in Money Market Accounts	<u>\$ 128,590</u>	<u>\$ 128,590</u>	<u>\$ —</u>
Description	Cost	Fair Value at Reporting Date Using Quoted Prices in Active Markets for Identical Assets (Level I)	Unrealized Gain/(Loss)
<u>December 31, 2012</u>			
Money Market Account with National Financial Services LLC			
Prime Fund Daily Money Class	\$128,577	\$128,577	\$ —
Total Investment in Money Market Accounts	<u>\$128,577</u>	<u>\$128,577</u>	<u>\$ —</u>

RAYS OF SONSHINE

Notes to Financial Statements  
For the Years Ended December 31, 2013 and 2012

Note 3 – Investments (Continued)

Realized gains and losses from securities sold are recorded on the specific identified cost basis. The following schedule summarizes the investment return included in interest income in the statement of activities for the years ended December 31, 2013 and 2012.

	2013	2012
Interest/Dividend Income	\$ 13	\$ 13
Net Realized and Unrealized Gains/(Losses)	–	–
Total Investment Returns	<u>\$ 13</u>	<u>\$ 13</u>

Note 4 – Property and Equipment

Property and Equipment consisted of the following:

	December 31,	
	2013	2012
Land	\$ 117,000	\$ 117,000
Construction in Progress	–	463,469
Buildings	3,193,796	2,684,074
Building Improvements	334,405	331,378
Vehicle	20,833	20,833
Furniture, Fixtures and Equipment	155,142	144,295
Property and Equipment before Accumulated Depreciation	3,821,176	3,761,049
Less: Accumulated Depreciation	<u>(540,648)</u>	<u>(414,580)</u>
Net Property and Equipment	<u>\$ 3,280,528</u>	<u>\$ 3,346,469</u>

Certain land, building, and improvements are pledged as collateral on a mortgage in favor of JPMorgan Chase Bank at December 31, 2013 and 2012.

Depreciation charged to expense was \$126,068 and \$112,085 for 2013 and 2012, respectively.

RAYS OF SONSHINE

Notes to Financial Statements  
For the Years Ended December 31, 2013 and 2012

Note 5 – Notes Payable

Notes Payable consisted of the following:

	December 31,	
	2013	2012
<b>Mortgages due to JPMorgan Chase Bank</b>		
4.99% interest rate, secured by real estate. Payments are \$1,846 monthly, due May 15, 2018 at which time a balloon payment of \$1,672 will be due.	\$ 87,495	\$ 103,075
6.20% interest rate, secured by real estate. Payments are \$501 monthly, due March 1, 2014 at which time a balloon payment of \$25,701 will be due.	26,797	31,045
5.24% interest rate, secured by real estate. Payments are \$2,834 monthly, due December 1, 2014 with balloon payment due at that time.	282,823	301,267
7.75% interest rate, secured by real estate. Payments are \$1,137 monthly, due June 7, 2017 at which time a balloon payment of \$55,677 will be due.	84,212	91,006
7.75% interest rate, secured by real estate. Payments are \$759 monthly, due May 15, 2017 at which that time the interest rate on the remaining \$37,323 will be adjusted to reflect market conditions.	55,912	60,462
Line of Credit, variable interest rate, secured by real estate. Monthly payment equal to the greater of \$100 or the aggregate sum of accrued interest plus 1/100 <sup>th</sup> of the unpaid principle balance, not to exceed the outstanding balance.	70,056	–
6.8% interest rate, secured by real estate. Payments are \$1,340 monthly, due April 18, 2018 with balloon payment due at that time.	109,608	117,812
Construction Line of Credit – See below for details.	–	88,883
4.75% interest rate, secured by real estate. Payments are \$1,539 monthly, due March 12, 2018 with a balloon payment due at that time.	137,602	–
<b>Mortgage due to Community Trust Bank</b>		
4.89% interest rate, secured by real estate. Payments are \$373 monthly, due March 14, 2017 with balloon payment due at that time.	43,405	45,624

RAYS OF SONSHINE

Notes to Financial Statements  
For the Years Ended December 31, 2013 and 2012

Note 5 – Notes Payable (Continued)

**CDBG Loan**

No-interest loan for the purposes of undertaking and satisfactorily completing NSP activities

	1,411,014	1,411,014
Total	2,308,924	2,250,188
Less Current Portion of Notes Payable	(433,692)	(236,871)
Total Long-Term Notes Payable	<u>\$1,875,232</u>	<u>\$ 2,013,317</u>

The aggregate principal payments of long-term indebtedness maturing during the next five years and thereafter are as follows:

Year	Bank Mortgages	CDBG Loan	Total
2014	\$ 433,692	\$ -	\$ 433,692
2015	57,270	-	57,270
2016	60,732	-	60,732
2017	181,998	-	181,998
2018	164,218	-	164,218
Thereafter	-	1,411,014	1,411,014
Total	\$ 897,910	\$ 1,411,014	\$ 2,308,924

The CDBG loan is a forgivable loan that starts as each rental unit is completed and operates at a full operating year. The loan forgiveness is at the rate of one-fifteenth of the initial principal loan amount in the case of rehabilitated property and at the rate of one-twentieth of the initial principal loan amount in the case of re-developed (new construction) rental units. As there is no way to ascertain a realistic amount anticipated to be forgiven (assuming ongoing compliance with the federal requirements), the \$1,411,014 is being reflected in the Thereafter line item.

In 2013, the Organization consolidated existing loans into a new loan with JP Morgan Chase Bank, N.A. in the amount of \$146,283. This loan was entered into on March 12, 2013. The unpaid principal balance of this loan shall accrue interest at a fixed rate equal to 4.750 percentage points. Fifty nine (59) payments of principal and interest, each in the amount of \$1,539, beginning on April 12, 2013, and continuing on the same calendar day monthly thereafter, and one final payment of all outstanding principal, together with all accrued unpaid interest and any other unpaid amounts due under this loan, shall be paid on March 12, 2018, the maturity date of this loan. Payments and any other credits shall be allocated among principal, interest, late charges, collection costs, fees and other charges at the discretion of JP Morgan Chase Bank, N.A., unless otherwise required by applicable law. Interest on this loan is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. The note is collateralized by a security interest in the property.

## RAYS OF SONSHINE

### Notes to Financial Statements For the Years Ended December 31, 2013 and 2012

#### Note 6 – Line of Credit

On January 1, 2012, the Organization entered into a line of credit with JP Morgan Chase Bank, N.A. The maximum amount of credit that can be drawn is \$300,000. The line of credit is for the construction of Sonshine House II. The interest rate is the LIBOR Rate plus 2.708 percentage points. Accrued interest and fees shall be payable monthly, beginning February 19, 2012, and on the same calendar day monthly thereafter, and the principal balance, together with all accrued unpaid interest and any other unpaid amounts due under the note, shall be paid on January 19, 2013, the maturity date of the note. The note is collateralized by a security interest in the property. During 2013, \$57,400 was drawn against the line of credit. On March 12, 2013, the balance owed on the line of credit (\$146,283) was renewed by permanent financing as disclosed above.

On February 4, 2013, the Organization entered into a line of credit with JP Morgan Chase Bank, N.A. The maximum amount of credit that can be drawn is \$75,000. The line of credit accrues at a variable rate of interest equal to the sum of the Prime Rate in effect from time to time plus 1.4 percentage points, except otherwise provided. The maturity date on the note is January 15, 2014. A payment equal to the greater of \$100 or the aggregate sum of accrued interest plus 1/100<sup>th</sup> of the unpaid principle balance, but not to exceed the outstanding balance shall be paid monthly beginning March 15, 2013. The note is collateralized by a security interest in the property. During 2013, the full \$75,000 was drawn on the line of credit. At December 31, 2013 the balance owed on the line of credit was \$70,056.

#### Note 7 – Federal Grants / Contracts

The Organization has a contract to provide halfway house services as a pass-through from the Louisiana Department of Health and Hospitals under the United States Department of Health and Human Resources' Block Grant for Prevention and Treatment of Substance Abuse. For its services, the Organization received \$351,946 and \$308,102 in 2013 and 2012, respectively.

During 2006, the Organization was awarded a contract through the same pass-through agency from the same funding source to administer an Access to Recovery voucher program for substance abuse treatment. For its services, the Organization received \$24,480 and \$25,140 of Federal funds, in 2013 and 2012, respectively and \$0 and \$0 of State funds in 2013 and 2012.

The Organization was awarded grants by the U.S. Department of Housing and Urban Development ("HUD") to promote the development of supportive housing and supportive services, including innovative approaches to assist homeless persons in the transition from homelessness, and to promote the provision of supportive housing to homeless persons so they can live as independently as possible. In 2013 and 2012, the Organization received \$205,466 and \$191,406, respectively.

The Organization distributes food each week to needy individuals that qualify under the Emergency Food Assistance Program of the United States Department of Agriculture. The food that is received from the Northeast Louisiana Food Bank, Inc. is comprised of commodities donated by the Louisiana Department of Agriculture and Forestry's Food Bank

## RAYS OF SONSHINE

### Notes to Financial Statements For the Years Ended December 31, 2013 and 2012

#### Note 7 – Federal Grants / Contracts (Continued)

program and other local donors. The value of these commodities received was \$478,289 and \$341,861 for 2013 and 2012, respectively. In 2013 and 2012, the federal portion of commodities was valued at \$64,408 and \$80,058, respectively.

The Organization was awarded grants by Local Initiatives Support Corporation (“LISC”) through HUD to pay for a portion of the salary and fringe benefits for three positions: the Project Manager for the Neighborhood Stabilization Program (“NSP”), as well as a Project Assistant and the CFO. The LISC grant also provides for increasing the organizational capacity in green development by training staff in green building standards and energy efficient property management. In 2013 and 2012, the Organization received \$58,043 and \$77,169, respectively.

#### Note 8 – Disclosure and Concentrations

The Organization receives a large portion of its revenue based on contracts with various Federal, State and Local agencies. Therefore, a majority of its revenue and accounts receivable are derived from these sources and are contingent upon continued funding of such programs.

#### Note 9 – Related Party Transactions

Certain members of the executive director’s family earned a total of \$22,795 and \$27,401 in 2013 and 2012 of which \$0 both years was paid by Federal grants. Services performed include lawn care, repairs and maintenance, management of Coffee House, physical education and charitable gaming.

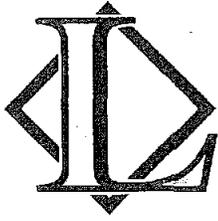
Additionally, Daniel Printing, an entity owned by the Executive Director’s husband, was paid \$1,924 and \$1,792 during 2013 and 2012 and was due \$0 both years at December 31, 2013 and 2012, respectively for printing services provided to the Organization.

During 2013 and 2012, a non-voting executive board member received \$5,450 and \$8,450 for accounting services performed for the Organization.

#### Note 10 – Subsequent Events

Management has evaluated subsequent events through July 31, 2014, and it has determined that no significant events have occurred that are required to be disclosed.

SUPPLEMENTARY INFORMATION



**LITTLE & ASSOCIATES LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, 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**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Rays of Sonshine  
Monroe, LA 71201

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 Rays of Sonshine, which comprise the statement of financial position as of December 31, 2013, and the related statement 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 July 31, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Rays of Sonshine's internal control over financial reporting (internal control) to determine 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 Rays of Sonshine's internal control. Accordingly, we do not express an opinion on the effectiveness of Rays of Sonshine's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 Organization's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2013-02 to be a material weakness.

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 the attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2013-01 to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Rays of Sonshine’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 determination of financial statement amounts. 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 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 item 2013-01.

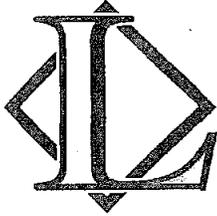
**Rays of Sonshine’s Response to Findings**

Rays of Sonshine’s response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Rays of Sonshine’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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 result of that testing, and not to provide an opinion on the effectiveness of the Organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Monroe, Louisiana  
July 31, 2014



**LITTLE & ASSOCIATES LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Rays of Sonshine  
Monroe, LA 71201

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

We have audited Rays of Sonshine's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Rays of Sonshine's major federal programs for the year ended December 31, 2013. Rays of Sonshine's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Rays of Sonshine's major federal programs based on our audit of the types of compliance requirements referred to above. 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Rays of Sonshine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Rays of Sonshine's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Rays of Sonshine 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, 2013.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2013-01 and 2013-02. Our opinion on each major federal program is not modified with respect to these matters.

Rays of Sonshine's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Rays of Sonshine's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of Rays of Sonshine is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Rays of Sonshine's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Rays of Sonshine's 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 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 the attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2013-01 and 2013-02, that we consider to be significant deficiencies.

Rays of Sonshine's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Rays of Sonshine's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of Rays of Sonshine as of and for the year ended December 31, 2013, and have issued our report thereon dated July 31, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to 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 expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Monroe, Louisiana  
July 31, 2014

RAYS OF SONSHINE

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2013

Federal Grantor Pass-Through Grantor Program Title	C.F.D.A. Number	Grant Number	Current Year Expenditures
U.S. Department of Agriculture			
Passed through the Northeast Louisiana Food Bank Emergency Food Assistance Cluster Emergency Food Assistance	10.569	Not Available	\$ 64,408
U.S. Department of Homeland Security			
Passed through the United Way Emergency Food and Shelter National Board Program	97.024	Not Available	4,453
U.S. Department of Housing and Human Development			
Supportive Housing Program	14.235	LA0117B6H051104	147,036
Supportive Housing Program	14.235	LA0117L6H051205	7,774
Supportive Housing Program	14.235	LA0163L6H051201	50,656
Passed through the Louisiana Housing Finance Agency			
Community Development Block Grant	14.228	Not Available	1,411,014
HOME Investment Partnership Program	14.239	Not Available	70,896
Passed through the Local Initiatives Support Corporation			
Section 4 FY 12 Grant	14.252	44231-0003	11,298
Section 4 FY 10 Grant	14.252	44231-0004	44,969
Section 4 FY 10 Grant	14.252	44231-0006	1,776
Total U.S. Department of Housing and Human Development			<u>1,745,419</u>
Total Expenditures of Federal Awards			<u>\$ 1,814,280</u>

## RAYS OF SONSHINE

### Notes to Schedule of Expenditures of Federal Awards December 31, 2013

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of Rays of Sonshine (the Organization) for the year ended December 31, 2013 and is presented on the accrual basis of accounting. The accrual basis of accounting recognizes revenues when they are earned and expenditures when the related liabilities are incurred.

Note 2 – Non-Cash Federal Awards

Included in the accompanying Schedule of Expenditures of Federal Awards is a non-cash food contribution by the U.S. Department of Agriculture in the amount of \$64,408.

Note 3 – Reconciliation of Federal Revenues with Expenditures

The Community Development Block Grant is a no-interest loan for the purposes of undertaking and satisfactorily completing the Neighborhood Stabilization Program activities. As such the expenditures (\$1,411,014) are recognized in the current year on the Schedule of Expenditures of Federal Awards and are recorded as a note payable as the revenues will be recognized in future years as forgiveness of debt. Amount recognized in the previous year amounted to \$159,949 for 2010, \$1,064,260 for 2011 and \$186,805 for 2012. Total amount recorded as a note payable as of December 31, 2013 was \$1,411,014.

RAYS OF SONSHINE

Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2013

Section I – Summary of Auditor’s Results

Financial Statements:

Type of Auditor’s Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material Weakness(es) identified? X Yes     No

Significant Deficiency(s) identified not considered to be material weaknesses? X Yes     No

Noncompliance material to financial statements noted? X Yes     No

Federal Awards:

Internal Control Over Major Programs:

Material Weakness(es) identified?     Yes X No

Significant Deficiency(s) identified not considered to be material weaknesses? X Yes     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 Circular A-133, section 510(a)?     Yes X No

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee?     Yes X No

Identification of Major Programs:

CFDA #	PROGRAM TITLE
14.228	Community Development Block Grant
14.235	Supportive Housing Program

RAYS OF SONSHINE

Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2013

Section II – Financial Statement Findings and Questioned Costs

**2013-01 Late Submission of Annual Financial Statements**

**Criteria:** In accordance with state statute, the Organization’s annual audited financial statements and accompanying independent auditors’ reports are required to be submitted to the Legislative Auditor on or before June 30 of each year.

**Condition:** The Organization’s annual audited financial statements and accompanying auditors’ reports for the year ended December 31, 2013, were not submitted to the Legislative Auditor on or before June 30, 2014.

**Context:** N/A

**Effect:** The Organization is not in compliance with state law with respect to the submission of its annual audited financial statements and accompanying auditors’ report. This may result in delays in the Organization receiving state funding.

**Cause:** A completed general ledger and trial balance requested by the accountants were not provided to the accountants in a timely manner.

**Recommendation:** The Organization should implement policies that will require personnel to provide the accountants with requested general ledger and trial balance in a timely manner. Also, the Organization should implement policies and procedures to ensure that accounting information is complete, accurate, and ready for audit in a timely manner. We recommend that the Organization’s financial records are reviewed monthly for completion.

**Views of Responsible Officials and Planned Corrective Actions:** The timely submission of the 2013 audit report was negatively impacted by the required posting corrections as more fully described in finding 2013-2 below. Internal controls as well as expectations of accounting personnel have been reviewed, and timely monitoring plans have been put in place to insure all accounting information is correct and readily available for future audits. To help ensure future timely reporting, Rays of Sonshine requests that audit procedures begin no later than eight full weeks in advance of the reporting deadline.

**Person Responsible for Corrective Action:**

Lynn Daniel, Executive Director  
Rays of Sonshine  
200 Breard Street  
Monroe, Louisiana 71201  
Telephone: (318) 323-0502  
Facsimile: (318) 387-0700

RAYS OF SONSHINE

Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2013

Section II – Financial Statement Findings and Questioned Costs (Continued)

**2013-02 Lack of Internal Controls over the Completeness of Accounting Records**

**Criteria:** An Organization should have internal controls to ensure that transactions are posted to the general ledger in the correct general ledger account and classified with a fund name. This will ensure that financial records are complete and accurate. Furthermore, controls should exist to ensure that all proposed audit adjusting entries, which have been reviewed and agreed to by a designee of the Organization, are posted to the Organization's general ledger.

**Condition:** During the audit, it was noted that several transactions were posted to the general ledger either without a fund name or an improper fund name. It was also noted that several transactions were not posted to the proper general ledger account. Furthermore, it was noted that the adjusting journal entries from the prior year's audit were not posted.

**Context:** Pervasive throughout the Organization's general ledger.

**Effect:** Lack of internal controls in this area will hamper the accuracy and completeness of financial records.

**Cause:** Unknown.

**Recommendation:** Rays of Sonshine should implement procedures to ensure that all transactions posted to the general ledger are properly classed as to fund name and appropriate general ledger account. All proposed adjusting journal entries derived from the audit and accepted by the Organization should be posted. We also recommend that the underlying accounting records are reviewed monthly for completeness and accuracy.

**Views of Responsible Officials and Planned Corrective Actions:** All required posting corrections identified as part of this finding have been corrected. The in-house accountant during 2013 is no longer with Rays of Sonshine and the replacement was hired in January 2014. Procedures have been put in place to insure all accounting information is correct. In addition, monthly and quarterly reviews of the financial information has been implemented by the President/Executive Director, the Chairman of the Board of Directors, and Treasurer.

**Person Responsible for Corrective Action:**

Lynn Daniel, Executive Director  
Rays of Sonshine  
200 Breard Street  
Monroe, Louisiana 71201  
Telephone: (318) 323-0502  
Facsimile: (318) 387-0700

RAYS OF SONSHINE

Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2013

Section III – Federal Awards Findings and Questioned Costs

**Major Programs:**

CFDA #14.228 – Community Development Block Grant

CFDA #14.235 – Supportive Housing Program

Refer to finding 2013-01 (Late Submission of Annual Financial Statements) – See above.

**Major Programs:**

CFDA #14.228 – Community Development Block Grant

CFDA #14.235 – Supportive Housing Program

Refer to finding 2013-02 (Lack of Internal Controls over the Completeness of Accounting Records)-See above.

RAYS OF SONSHINE

Summary Status of Prior Year Audit Findings  
For the Year Ended December 31, 2013

There were no findings for the year ended December 31, 2012.