

**CLAIBORNE CHURCH OF GOD, INC.**  
**(dba Family Church)**

*Financial Statements*  
*For the Years Ended June 30, 2022 and 2021*



**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Claiborne Church of God, Inc.  
West Monroe, Louisiana

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

#### **Opinion**

I have audited the accompanying financial statements of Claiborne Church of God, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Claiborne Church of God, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

I conducted my 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. 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 Claiborne Church of God, Inc. and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 Claiborne Church of God'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 judgement 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 judgement 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 Claiborne Church of God's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Claiborne Church of God'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 audits, significant audit findings, and certain internal control-related matters that I identified during the audits.

### **Supplementary Information**

My audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the accompanying Schedule of Compensation, Benefits and Other Payments to Agency Head are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the

responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated January 10, 2023 on my consideration of Claiborne Church of God's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of 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 Claiborne Church of God'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 Claiborne Church of God's internal control over financial reporting and compliance.

Maxwell CPA, LLC

Monroe, Louisiana  
January 10, 2023

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**STATEMENTS OF FINANCIAL POSITION**

	June 30,	
	2022	2021
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 4,508,275	\$ 3,206,485
Certificates of Deposit	1,056,022	790,911
Accounts Receivable	54,126	27,732
Accounts Receivable - Grant Funds	138,673	143,009
Land, Buildings and Equipment, Net	8,716,678	8,465,272
<u>TOTAL ASSETS</u>	<u>\$ 14,473,774</u>	<u>\$ 12,633,409</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities</u>		
Accounts Payable	\$ 10,269	\$ 99,622
Payroll Taxes Payable	17,784	3,248
Deferred Income	714,547	79,082
Total Liabilities	742,600	181,952
<u>Net Assets</u>		
Without Donor Restrictions		
Undesignated	2,171,447	1,919,662
Board Designated	2,797,766	1,993,402
Net Investment in Property and Equipment	8,716,678	8,465,272
With Donor Restrictions		
Restricted for Church Programs	45,283	73,121
Total Net Assets	13,731,174	12,451,457
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 14,473,774</u>	<u>\$ 12,633,409</u>

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

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**STATEMENTS OF ACTIVITIES**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals Years Ended June 30,</u>	
			<u>2022</u>	<u>2021</u>
<u>Revenues and Other Support:</u>				
Family Church Revenue	\$ 2,686,159	\$ 196,895	\$ 2,883,054	\$ 2,895,433
Claiborne Christian School	2,214,826	-	2,214,826	2,096,385
Claiborne Christian School Sports	177,932	-	177,932	173,701
CCS Preschool	1,280,870	-	1,280,870	1,195,766
CCS K4	243,389	-	243,389	212,126
Cafeteria	6,226	-	6,226	10,022
Grants	2,152,576	-	2,152,576	1,272,767
Other Income - Extinguishment of Debt	-	-	-	782,184
Interest Income	20,621	-	20,621	13,751
Net Assets Released From Restrictions - Satisfaction of Program Restrictions	224,733	(224,733)	-	-
<b>Total Revenues and Other Support</b>	<b>9,007,332</b>	<b>(27,838)</b>	<b>8,979,494</b>	<b>8,652,135</b>
<u>Expenses</u>				
Family Church	2,748,189	-	2,748,189	2,798,085
Claiborne Christian School	2,654,957	-	2,654,957	2,136,664
Claiborne Christian K4	476,107	-	476,107	607,176
Claiborne Christian Preschool	1,337,281	-	1,337,281	869,443
Claiborne Christian Cafeteria	483,243	-	483,243	392,700
<b>Total Expenses</b>	<b>7,699,777</b>	<b>-</b>	<b>7,699,777</b>	<b>6,804,068</b>
<u>Increase in Net Assets</u>	1,307,555	(27,838)	1,279,717	1,848,067
<u>Net Assets at Beginning of Year</u>	<u>12,378,336</u>	<u>73,121</u>	<u>12,451,457</u>	<u>10,603,390</u>
<b><u>NET ASSETS AT END OF YEAR</u></b>	<b><u>\$13,685,891</u></b>	<b><u>\$ 45,283</u></b>	<b><u>\$13,731,174</u></b>	<b><u>\$12,451,457</u></b>

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

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**STATEMENT OF FUNCTIONAL EXPENSES**

	Church	School	K4	Preschool	Cafeteria	Years Ended June 30,	
						2022	2021
Salaries	\$ 972,234	\$ 1,272,298	\$ 339,619	\$ 972,495	\$ 155,931	\$3,712,577	\$3,437,735
Payroll Taxes	47,121	82,169	22,529	74,636	11,246	237,701	213,920
Employee Benefits	124,846	241,882	45,582	75,666	11,169	499,145	439,656
Advertising	8,875	8,164	3,490	8,276	-	28,805	25,162
Professional Fees	19,541	-	-	-	-	19,541	15,061
Training	-	58,726	1,626	29,454	112	89,918	76,714
Insurance	118,706	5,649	1,603	5,319	6,321	137,598	86,824
Supplies	64,123	122,649	18,501	30,953	298,464	534,690	423,984
Credit Card Fees	16,549	13,047	-	13,142	-	42,738	48,691
Meetings	12,457	-	-	-	-	12,457	11,812
Postage	3,495	1,072	-	476	-	5,043	5,732
Printing	14,198	-	1,910	-	-	16,108	16,505
Office	51,426	20,586	-	8,481	-	80,493	38,687
Missions	139,286	-	-	-	-	139,286	76,026
Ministries	412,474	-	-	-	-	412,474	353,923
Repairs and Maintenance	82,340	57,092	17,777	30,741	-	187,950	179,917
Miscellaneous	-	20,876	-	-	-	20,876	20,295
Music	-	1,950	-	-	-	1,950	1,976
Student Activities	-	6,167	1,485	-	-	7,652	9,752
Athletics	-	162,579	-	-	-	162,579	153,923
Utilities	81,696	48,623	21,985	38,018	-	190,322	168,622
Designated Programs	290,021	338,894	-	49,624	-	678,539	470,157
Loss on Disposal	-	-	-	-	-	-	85,504
Depreciation Expense	288,801	192,534	-	-	-	481,335	443,490
<b>Total</b>	<b>\$2,748,189</b>	<b>\$ 2,654,957</b>	<b>\$ 476,107</b>	<b>\$1,337,281</b>	<b>\$ 483,243</b>	<b>\$7,699,777</b>	<b>\$6,804,068</b>

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



**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**STATEMENTS OF CASH FLOWS**

	Years Ended June 30,	
	2022	2021
<u>Cash Flows From Operating Activities</u>		
Increase in Net Assets	\$ 1,279,717	\$ 1,848,067
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation	481,335	443,490
Losses on Disposal of Assets	-	85,504
(Increase) Decrease in Accounts Receivable	(26,394)	24,316
(Increase) Decrease in Grant Funds Receivable	4,336	(69,913)
Increase (Decrease) in Accounts Payable	(89,353)	63,199
Increase (Decrease) in Payroll Taxes Payable	14,536	(16,180)
Increase (Decrease) in Deferred Revenue	635,465	(6,944)
Total Adjustments	1,019,925	523,472
Net Cash Provided by Operating Activities	2,299,642	2,371,539
<u>Cash Flows From Investing Activities</u>		
Purchases of Property and Equipment	(732,741)	(1,197,550)
Purchases of Certificate of Deposits	(250,000)	(250,000)
Receipts of Interest Reinvested	(15,111)	(8,880)
Proceeds from Sale of Property and Equipment	-	48,000
Net Cash Used by Investing Activities	(997,852)	(1,408,430)
<u>Cash Flows From Financing Activities</u>		
Payroll Protection Program Loan Forgiveness	-	(782,184)
<u>Net Increase in Cash and Cash Equivalents</u>	1,301,790	180,925
<u>Cash and Cash Equivalents at Beginning of Year</u>	3,206,485	3,025,560
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	\$ 4,508,275	\$ 3,206,485
 <u>Supplemental Disclosure of Cash Flow Information</u>		
Interest Paid	\$ -	\$ -

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

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

A. Nature of Activities

Claiborne Church of God, Inc. (DBA Family Church) was formed in February 1969 and operated as an unincorporated enterprise from its inception until January 10, 1995, at which time the enterprise was incorporated under the name Claiborne Church of God, Inc. (the Church). The Church operates Claiborne Christian School, a private school that enrolls children of pre-school age through the 12<sup>th</sup> grade.

The specific and primary purposes of the Church are:

1. The preaching of the gospel of Jesus Christ through the establishment of a local church in the West Monroe, Louisiana vicinity.
2. To preach and teach the gospel and further the cause of the Kingdom of God in the United States of America and in foreign lands.
3. To promote fellowship and means of cooperation between Christians and churches of like precious faith.
4. To promote freedom of worship and liberty of expression within the limits of its own statement of faith and doctrine, among its own ministers and members.
5. To establish and maintain churches, Bible and training schools, inaugurate and maintain charitable institutions, such as homes for the aged, rest homes for ministers and missionaries, orphanages, homes for the indigent and those bound by substance abuse, cemeteries and kindred institutions.
6. To maintain such relations with local, state, federal and foreign governments as may be necessary for the successful accomplishments of the purposes of the organization and for the welfare of the Church, ministers and members thereof.
7. To engage such employees as may be necessary to perform the duties involved in carrying on the Church's business.
8. To make bylaws for the government of the Church, and to alter, revise and amend the same at will.
9. To provide for its membership, rules of Christian conduct and discipline in accordance with the Word of God, in order to maintain purity and insure the continued progress of this assembly, (see Titus chapter 2).
10. To receive contributions, to make donations and to dispense charitable contributions through, and otherwise aid and support, those organizations qualified for exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as now in effect or subsequently amended.
11. To fulfill the Great Commission of the Church by supporting missions, both foreign and domestic, and supporting those performing the work of carrying the gospel as missionaries, both corporate and individual.

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (continued)

B. Basis of Accounting

The financial statements of the Claiborne Church of God, Inc., have been prepared on the accrual basis and, accordingly, reflect all significant receivables, payables, and other liabilities.

C. Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor or grantor restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor or grantor-imposed restrictions. Some restrictions are temporary in nature, such as those that will be met with the passage of time or occurrence of other events. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As of June 30, 2022, the Church does not have any restrictions that are perpetual in nature.

D. Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. All items acquired before December 15, 1994, are recorded for financial reporting purposes based on the “value in use” estimate reflected in a report issued by an independent appraisal firm dated December 15, 1994. Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets using the straight-line method:

	<u>Years</u>
Buildings	40
Building Improvements	10-25
Furniture, Fixtures and Equipment	5-15

E. Contributed Services

The Church receives a substantial amount of services donated by its members in carrying out the Church’s ministry. No amounts have been reflected in the financial statements for those services.

F. Circulating Library

The Church has not capitalized its library books or broadcasting tapes since they are considered to represent either an inexhaustible collection, whose values are not readily determinable, or a circulating library with an estimated useful life of less than one year.

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (continued)

G. Noncash Donations

The Church records noncash donations at the fair market value at the date of donation.

H. Compensated Absences

Vacation time is based upon length of service to the Church and the type of employment at the Church.

Twelve consecutive month full-time employees:

<u>Years of Service</u>	<u>Weekly Accrual Rate</u>	<u>Maximum Accrual</u>
0-4 years	0.77 hour	60 hours
5-9 years	1.10 hour	80 hours
10-14 years	1.55 hour	100 hours
15-19 years	2.31 hours	140 hours
20 + years	3.08 hours	180 hours

Ten-month employees receive vacation during Spring Break, Christmas Break, and Summer Break. Schedule will be released on a yearly basis by the School Board.

An employee may carry forward three days of vacation from one year to the next. An accrual of vacation and sick leave compensation was considered immaterial and, therefore, unnecessary.

I. Tax Status

The Church qualifies as a tax-exempt organization under Section 501(c)(3) if the Internal Revenue Code and comparable Louisiana law, and contributions to it are tax deductible within the limitations prescribed by the Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

J. Cash & Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an initial maturity of three months or less.

K. Accounts Receivable

The direct write off method for recognizing bad debts is used. Under this method, the bad debt is charged to expense when the account is deemed to be uncollectible in the opinion of management. Uncollectible amounts for receivables are generally not significant and therefore management feels an allowance for bad debt is not necessary.

L. Deferred Income

Tuition for the upcoming school year that is paid in advance is deferred and recognized in the year it is earned.

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

Note 2 - Land, Buildings and Equipment

Land, buildings and equipment consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Furniture and Fixtures	\$ 56,078	\$ 56,078
Equipment	1,040,534	957,989
Improvements	1,926,382	1,789,832
Buildings	12,070,411	10,918,921
Vehicles	43,444	43,444
Land	721,631	428,074
Construction in Progress	-	<u>931,401</u>
Total	<u>15,858,480</u>	<u>15,125,739</u>
<u>Less: Accumulated Depreciation</u>	<u>( 7,141,802)</u>	<u>( 6,660,467)</u>
<u>TOTAL</u>	<u>\$ 8,716,678</u>	<u>\$ 8,465,272</u>

Note 3 - Financial Instruments

The Church maintains its cash accounts at multiple federally insured financial institutions. The cash accounts are insured by the Federal Deposit Insurance Corporation at each institution for up to \$250,000. At June 30, 2022, the Church has cash balances in excess of FDIC insurance limits of approximately \$1,160,000.

Note 4 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and Cash Equivalents	\$ 4,508,275
Current Value of Certificates of Deposit	
Maturing within One Year	1,056,022
Accounts Receivable	54,126
Grants Receivable	<u>138,673</u>
Total Liquid and Available Assets	<u>\$ 5,757,096</u>

Note 5 - Concentrations of Contributions

For the year ended June 30, 2022, five families accounted for approximately 33.95% of total contributions. These five families accounted for approximately 30.36% of total contributions for the year ended June 30, 2021.

Note 6 - Louisiana Nonpublic Schools Early Childhood Development Program

The School participates in the Louisiana Nonpublic Schools Early Childhood Development Program. The Program is intended to provide at-risk four-year-old children access to high quality, developmentally appropriate prekindergarten classes, and before- and after-school enrichment activities, in either a nonpublic school or "Class A" daycare setting. For the years ended June 30, 2022 and 2021, the School received \$435,100 and \$380,140 respectively in funding for its K4 program.

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

Note 7 - Louisiana Department of Education Scholarships for Educational Excellence

The School participates in the Louisiana Department of Education Scholarships for Educational Excellence Program. During the fiscal year 2022, the School had 56 children who received vouchers totaling \$455,490. During the fiscal year 2021, the School had 59 children who received vouchers totaling \$367,766.

Note 8 - National School Lunch Program

The School participates in the National School Lunch Program. The Program is intended to reimburse participating public and nonprofit private schools, of high school grade and under and residential childcare institutions, for breakfasts and lunches, meeting the nutritional requirements prescribed by the Secretary of Agriculture, served to eligible children. For the years ended June 30, 2022 and 2021, the School received \$502,435 and \$570,696, respectively, in funding for its lunch program.

Note 9 - Louisiana Child Care Assistance Provider (LaCAP)

The School received a grant from the Louisiana Department of Education to ensure that families who are returning to work are able to find child care options for their children. This grant will help support the early childhood field to rehabilitate after COVID-19 and continue offering high-quality care that help to prepare children for kindergarten. For the years ended June 30, 2022 and 2021, the School received \$273,300 and \$202,500, respectively, in funding for its child care assistance program.

Note 10 - Emergency Assistance for Non-Public Schools Program (EANS)

The School received a grant from the Louisiana Department of Education to help with the additional costs that the school has incurred because of the COVID-19 pandemic. For the year ended June 30, 2022, the School received \$73,251 through the EANS program.

Note 11 - ARPA Stabilization Grant

The School received grants that were funded by the American Rescue Plan Act and passed through the Louisiana Department of Education to help child care providers recover from the COVID-19 pandemic. For the year ended June 30, 2022, the School received \$1,242,240 and spent \$732,868 of the ARPA funds.

Note 12 - Donor Restricted Net Assets

Contributions that are restricted by the donor are reported as increases in undesignated net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Net assets released from donor restrictions by incurring expenses satisfying the restriction specified by the donor were as follows:

Church Programs      \$ 224,733

Note 13 - Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

Note 14 - Contingencies

The Church is a defendant in a lawsuit arising in the ordinary course of business. As of June 30, 2022, it is not possible to determine if there is a loss potential or what that amount might be. In the opinion of management, the lawsuit will not have a material adverse effect upon the Church's business, financial position, results of operations, or cash flows.

Note 15 - Subsequent Events

Subsequent events have been evaluated through January 10, 2023, the date that the financial statements were available to be issued. All subsequent events determined to be relevant and material to the financial statements have been appropriately recorded or disclosed.

**OTHER SUPPLEMENTAL INFORMATION –**  
**GRANT INFORMATION**



**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<u>Federal Grants/Pass Through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>Agency or Pass - Through Number</u>	<u>Program or Award Amount</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Agriculture</u></b>				
Summer Food Service Program for Children	10.555	Louisiana Dept of Education Division of Nutrition Support	\$ 502,435	\$ 502,435
Supply Chain Assistance Grant	10.555	N/A	17,627	<u>17,627</u>
<b>Total U.S. Department of Agriculture</b>				<u>520,062</u>
<b><u>Department of the Treasury</u></b>				
Coronavirus Relief Fund	21.019	Childrens Coalition for Northeast Louisiana	9,112	9,112
Coronavirus Relief Fund	21.019	Louisiana Dept of Education	270,000	<u>270,000</u>
<b>Total Coronavirus Relief Fund</b>				<u>279,112</u>
Coronavirus State and Local Fiscal Recovery Fund ARPA Stabalization Grant	21.027	Louisiana Dept of Education	1,242,240	732,868
Coronavirus State and Local Fiscal Recovery Fund Emergency Assistance to Non-Public Schools	21.027	Louisiana Dept of Education	73,251	32,747
Coronavirus State and Local Fiscal Recovery Fund Accountability Participation Grant	21.027	Louisiana Dept of Education	57,600	28,482
Coronavirus State and Local Fiscal Recovery Fund Teacher Support Grant	21.027	Louisiana Dept of Education	93,600	<u>45,001</u>
<b>Total Coronavirus State and Local Fiscal Recovery Fund</b>				<u>* 839,098</u>
<b>Total Department of the Treasury</b>				<u>1,118,210</u>
<b>Total Federal Expenditures</b>				<u>\$ 1,638,272</u>

\*Denotes Major Federal Assistance Program.

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**NOTES TO SCHEDULE OF EXPENDITURES**  
**OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

1. General

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Claiborne Church of God, Inc. All federal award programs received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

2. Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

3. Federal Indirect Cost Rate

Claiborne Church of God, Inc. did not elect to use the 10% de minimis federal indirect cost rate for the year ended June 30, 2022.



**INDEPENDENT AUDITOR'S 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**

Board of Directors of  
Claiborne Church of God, Inc.

I 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 Claiborne Church of God, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated January 10, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as 2022-01 that I consider to be a significant deficiency.



Board of Directors of  
Claiborne Church of God, Inc.

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

As part of obtaining reasonable assurance about whether Claiborne Church of God, Inc.'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 financial statements. 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 an instance 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 2022-02.

### **Claiborne Church of God, Inc.'s Response to Findings**

The Church's response to the finding identified in my audit is described in the accompanying schedule of findings and responses. The Church's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

### **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 Claiborne Church of God, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Claiborne Church of God, Inc.'s internal control and compliance. Accordingly, the communication is not suitable for any other purpose.

Maxwell CPA, LLC

Monroe, Louisiana  
January 10, 2023



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

Board of Directors of  
Claiborne Church of God, Inc.

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

I have audited Claiborne Church of God, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Claiborne Church of God, Inc.'s major federal programs for the year ended June 30, 2022. Claiborne Church of God, Inc.'s major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

My responsibility is to express an opinion on compliance for each of Claiborne Church of God Inc.'s major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audits 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I 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 Claiborne Church of God, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination on Claiborne Church of God, Inc.'s compliance.

**Opinion on Each Major Federal Program**

In my opinion, Claiborne Church of God, Inc. 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 the major federal programs for the year ended June 30, 2022.



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

Management of Claiborne Church of God, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Claiborne Church of God, Inc.'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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Claiborne Church of God, Inc.'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My 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 significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Maxwell CPA, LLC

Monroe, Louisiana  
January 10, 2023

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**SUMMARY OF AUDIT RESULTS**

1. The auditor's report expressed an unmodified opinion on the financial statements of Claiborne Church of God, Inc. (Church).
2. One significant deficiency was disclosed during the audit of the financial statements to be reported in the 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* and Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
3. No instances of noncompliance material to the financial statements of Claiborne Church of God, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of the major federal award programs in the Report on Compliance With Requirements That Could Have A Direct and Material Effect on Each Major Program And On Internal Control Over Compliance In Accordance With Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Uniform Guidelines Requirements for Federal Awards.
5. The auditor's report on compliance for the major federal award programs for Claiborne Church of God, Inc., expressed an unmodified opinion on the major federal program.
6. There were no audit findings relative to the major federal award program for the Church.
7. The program tested as a major program included the Coronavirus State and Local Fiscal Recovery Fund under AL #21.027.
8. The threshold for distinguishing between Types A and B programs was \$750,000.
9. The Church does not qualify to be a low-risk auditee.

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

(Continued)

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

**Coronavirus State and Local Fiscal Recovery Fund**

AL No. 21.027; Program Period - 7/1/20-12/31/26

There were no findings that relate to this major federal program.

**FINDINGS - FINANCIAL STATEMENT AUDIT**

2022-01    Separation of Duties

Condition:

The Church has a small number of people performing a variety of duties, some of which may be incompatible. For instance, the person who handles cash receipts should not record the payments to the accounts receivable detail ledger. Also, the person who writes checks should not reconcile the bank statement each month.

Criteria:

Separation of duties is necessary to ensure the separation of the recording of assets and the custody of those assets.

Cause:

The small accounting staff causes multiple duties to be performed by the same person.

Effect:

Separating these duties will improve internal controls over cash and other assets and reduce the possibility of errors and irregularities.

Recommendation:

This may be done without hiring more personnel. This situation dictates that the Board remains involved in the financial affairs of the Church to provide oversight and independent review functions. I recommend monthly bank statements and credit card statements should be reviewed for accuracy and approved by an employee independent of the responsibility of reconciling the statements and paying the credit card invoices.

Response:

See corrective action plan later in this report.

2022-02    Compliance with Annual Filing Deadline

Condition:

The Organization did not timely file its annual reports for the year ending June 30, 2022.



**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

(Continued)

Criteria:

Louisiana Revised Statute 24:513 requires timely filing of annual reports within six months after the end of the fiscal year.

Cause:

The Church did not file its report for June 30, 2022 within six months of the end of its fiscal year.

Effect:

The Church was not in compliance with state statute.

Recommendation:

I recommend that the Church and the auditor ensure that the report is uploaded by the statutory due date in future years.

Response:

See corrective action plan later in this report.



Corrective Action Plan

January 10, 2023

Maxwell CPA, LLC  
8649 Hwy 165 N, Ste 2  
Monroe, LA 71203

Claiborne Church of God, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2022.

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the Schedule.

Section 2: Financial Statement Findings

2022-01: Corrective Action Planned: The Church feels that it is not cost beneficial to hire another employee or give this responsibility to an existing employee because of the work involved. The board will remain involved and provide oversight and independent review functions.

Anticipated Completion Date: June 30, 2023

Name of Contact Person Responsible for Corrective Action: Brad Bower, Business Administrator

2022-02: Corrective Action Planned: Claiborne Church of God, Inc. and the auditor will ensure that the audit is filed by the due date in the future.

Anticipated Completion Date: June 30, 2023

Name of Contact Person Responsible for Corrective Action: Brad Bower, Business Administrator

Sincerely yours,

A handwritten signature in black ink, appearing to read "Brad Bower", written over a horizontal line.

Business Administrator

320 Laird Street  
West Monroe, LA 71291

(318) 396-7959

familychurch.org

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**Internal Control and Compliance Material to the Financial Statements**

2021-01    Separation of Duties

Condition:

The Church has a small number of people performing a variety of duties, some of which may be incompatible. For instance, the person who handles cash receipts should not record the payments to the accounts receivable detail ledger. Also, the person who writes checks should not reconcile the bank statement each month.

Recommendation:

This may be done without hiring more personnel. This situation dictates that the Board remains involved in the financial affairs of the Church to provide oversight and independent review functions. I recommend monthly bank statements and credit card statements should be reviewed for accuracy and approved by an employee independent of the responsibility of reconciling the statements and paying the credit card invoices.

Current Status:

Repeated as finding 2022-01.

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS**  
**AND OTHER PAYMENTS TO AGENCY HEAD**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**Agency Head**

Terry Taylor - Lead Pastor

<b>Salary and Expense Account</b>	\$	-
<b>Housing</b>		-
<b>Benefits - Insurance</b>		-
<b>Car Allowance</b>		-
<b>Travel</b>		-
<b>Conference Travel</b>		-
<b>Other</b>		-
	\$	-
	\$	-

**NOTE:** Claiborne Church of God, Inc. (DBA Family Church) is a nongovernmental entity that receives public funds. However, no public funds are used to pay for the compensation, reimbursements, benefits, or other payments to the agency head.

**CLAIBORNE CHURCH OF GOD, INC.**  
**(dba Family Church)**

*Independent Accountant's Report on  
Applying Agreed-Upon Procedures*

*For the Year Ended June 30, 2022*





INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Claiborne Church of God, Inc., and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021, through June 30, 2022. Claiborne Church of God, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Claiborne Church of God, Inc. 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 fiscal period July 1, 2021, through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

*Written Policies and Procedures*

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1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:<sup>1</sup>
  - 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).

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<sup>1</sup> For governmental organizations, the practitioner may eliminate those categories and subcategories not applicable to the organization's operations. For quasi-public organizations, including nonprofits, the practitioner may eliminate those categories and subcategories not applicable to public funds administered by the quasi-public.



- e) *Payroll/Personnel*, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) *Travel and Expense Reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) *Ethics*<sup>2</sup>, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) *Information Technology Disaster Recovery/Business Continuity*, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) *Sexual Harassment*, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Findings:** Seven exceptions noted where the entity's policies and procedures did not address required categories and subcategories listed above.

### *Board or Finance Committee*<sup>3</sup>

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- 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.
  - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds<sup>4</sup>, and semi-annual budget- to-actual, at a

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

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

<sup>4</sup> Proprietary and special revenue funds are defined under GASB standards. The related procedure addresses these funds as a way to verify that boards are provided with financial information necessary to make informed decisions about entity operations, including proprietary and special revenue operations that are not required to be budgeted under the Local Government Budget Act.

minimum, on all special revenue funds<sup>7</sup>. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds<sup>5</sup> if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

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

**Findings:** No exceptions noted.

#### *Bank Reconciliations*

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3. Obtain a listing of entity 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 accounts<sup>6</sup> (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 each selected 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 or electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Findings:** No exceptions noted.

#### *Collections (excluding electronic funds transfers)<sup>7</sup>*

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4. Obtain a listing of deposit sites<sup>8</sup> 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).
5. For each deposit site selected, obtain a listing of collection locations<sup>9</sup> and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5

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<sup>5</sup> R.S. 24:513 (A)(1)(b)(iv) defines public funds.

<sup>6</sup> Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

<sup>7</sup> The Collections category is not required to be tested if the entity has a third party contractor performing all collection functions (i.e., receiving collections, preparing deposits, and making deposits).

<sup>8</sup> A deposit site is a physical location where a deposit is prepared and reconciled.

<sup>9</sup> 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. For example, in a school district a collection location may be a classroom and a deposit site may be the school office.



collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
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). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - e) Trace the actual deposit per the bank statement to the general ledger.

**Findings:** No exceptions noted.

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

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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).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee

job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

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 whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
  - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

**Findings:** 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<sup>10</sup>. Obtain management's representation that the listing is complete.
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 whether 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) were reviewed and approved, in writing (or electronically approved), 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.]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
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

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<sup>10</sup> Including cards used by school staff for either school operations or student activity fund operations.

supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing)<sup>11</sup>. For each transaction, observe 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). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

**Findings:** No exceptions noted.

*Travel and Travel-Related Expense Reimbursements<sup>12</sup> (excluding card transactions)*

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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, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Findings:** No exceptions noted.

*Contracts*

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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 whether the contract was bid in accordance with the Louisiana Public Bid Law<sup>13</sup> (e.g., solicited quotes or bids, advertised), if required by law.

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<sup>11</sup> For example, if 3 of the 5 cards selected were fuel cards, only 10 transactions would be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #12 were fuel cards, Procedure #13 would not be applicable.

<sup>12</sup> Non-travel reimbursements are not required to be tested under this category.

<sup>13</sup> If the entity has adopted the state Procurement Code, replace “Louisiana Public Bid Law” with “Louisiana Procurement Code.”

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

**Findings:** No exceptions noted.

*Payroll and Personnel*

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- 16. Obtain a listing of employees and officials<sup>14</sup> employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe all selected employees or officials<sup>15</sup> documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
  - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- 18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
- 19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

**Findings:** No exceptions noted.

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<sup>14</sup> "Officials" would include those elected, as well as board members who are appointed.

<sup>15</sup> "Officials" would include those elected, as well as board members who are appointed.

### *Ethics*<sup>16</sup>

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

**Findings:** This procedure is not applicable to this entity.

### *Debt Service*<sup>17</sup>

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21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management’s representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.
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 (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

**Findings:** This procedure is not applicable to this entity.

### *Fraud Notice*

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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.
24. Observe the entity has posted on its premises<sup>18</sup> and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.<sup>19</sup>

**Findings:** One exception noted where the Church did not have the notice posted to its website.

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<sup>16</sup> The Louisiana Code of Ethics is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a nonprofit, the procedures should be performed.

<sup>17</sup> This AUP category is generally not applicable to nonprofit entities; however, if applicable, the procedures should be performed.

<sup>18</sup> Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs.

<sup>19</sup> This notice is available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline).

25. Perform the following procedures, verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”
- a) Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
  - b) Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - c) Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

**Findings:** I performed the procedures and discussed the results with management.

*Sexual Harassment*<sup>20</sup>

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26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).
28. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements;
  - b) Number of sexual harassment complaints received by the agency;
  - c) Number of complaints which resulted in a finding that sexual harassment occurred;

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<sup>20</sup> A private non-profit that is subject to audit by virtue of the receipt of public funds does not appear to be subject to the sexual harassment law, R.S. 42:341, et seq. However, the non-profit could be subject to the law as part of its agreement to receive the public funds.

- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

**Findings:** This procedure is not applicable to this entity.

*Management's Response*

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We concur with the results of the procedures and will address the identified exceptions.

I was engaged by Claiborne Church of God, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. 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 our attention that would have been reported to you.

I am required to be independent of Claiborne Church of God, Inc. to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the 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.

Maxwell CPA, LLC

Monroe, Louisiana  
January 10, 2023