

**FRESH START OUTREACH MINISTRIES, INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2016 AND 2015**

**FRESH START OUTREACH MINISTRIES, INC.**

**TABLE OF CONTENTS**

---

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	3-4
FINANCIAL STATEMENTS:	
STATEMENTS OF FINANCIAL POSITION	5
STATEMENTS OF ACTIVITIES	6
STATEMENTS OF CASH FLOWS	7
STATEMENTS OF FUNCTIONAL EXPENSES	8
NOTES TO FINANCIAL STATEMENTS	9-13
SUPPLEMENTAL INFORMATION:	
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO THE AGENCY HEAD OR CHIEF EXECUTIVE OFFICER	14
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	15-16

**B&T BOND &  
TOUSIGNANT, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

1500 Lamy Lane, Monroe, LA 71201-3734 • P. O. Box 14065, Monroe, LA 71207-4065  
Phone: (318) 323-0717 • Fax: (318) 323-0719

---

INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Fresh Start Outreach Ministries, Inc.  
Winnsboro, Louisiana

**Report on the Financial Statements /**

We have audited the accompanying financial statements of Fresh Start Outreach Ministries, Inc., (a nonprofit Corporation), which comprise the statement of financial position as of June 30, 2016 and 2015, 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 financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these 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 audit 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 auditors' 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 entity'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 entity'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 Fresh Start Outreach Ministries, Inc. as of June 30, 2016 and 2015, 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.

## **Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion of the financial statements as a whole. The supplemental information on page 14 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 refers 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. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2016, on our consideration of Fresh Start Outreach Ministries, Inc.'s internal control over financial reporting and 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 Fresh Start Outreach Ministries, Inc.'s internal control over financial reporting and compliance.

*Bond & Jousignant, LLC*

Monroe, Louisiana  
December 28, 2016

## FRESH START OUTREACH MINISTRIES

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016 AND 2015

<b>Assets</b>	<u>2016</u>	<u>2015</u>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 163,229	\$ 183,887
Accounts receivable	13,155	16,820
Prepaid expenses	<u>5,112</u>	<u>8,413</u>
<b>Total current assets</b>	<u>181,496</u>	<u>209,120</u>
<b>Property, Plant and Equipment:</b>		
Land	207,991	207,991
Building and improvements	1,058,097	1,031,535
Furniture, fixtures and equipment	<u>170,355</u>	<u>168,240</u>
	1,436,443	1,407,766
Less: accumulated depreciation	<u>(354,515)</u>	<u>(307,348)</u>
<b>Total property, plant and equipment</b>	<u>1,081,928</u>	<u>1,100,418</u>
<b>Other Assets:</b>		
Utility deposits	<u>300</u>	<u>300</u>
<b>Total other assets</b>	<u>300</u>	<u>300</u>
<b>Total Assets</b>	<u>\$ 1,263,724</u>	<u>\$ 1,309,838</u>
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 22,532	\$ 32,486
Accrued payroll and payroll taxes	16,461	13,586
Residents deposits	<u>31,291</u>	<u>26,617</u>
<b>Total current liabilities</b>	<u>70,284</u>	<u>72,689</u>
<b>Total liabilities</b>	<u>70,284</u>	<u>72,689</u>
<b>Net Assets</b>		
Unrestricted:		
Undesignated	111,512	136,731
Property and equipment	<u>1,081,928</u>	<u>1,100,418</u>
<b>Total net assets</b>	<u>1,193,440</u>	<u>1,237,149</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 1,263,724</u>	<u>\$ 1,309,838</u>

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

FRESH START OUTREACH MINISTRIES

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016			2015		
	Unrestricted		Total	Unrestricted		Total
	Undesignated	Property & Equipment		Undesignated	Property & Equipment	
<b>Revenues, Support and Reclassifications</b>						
Contractual revenue	\$ 156,516	\$ -	\$ 156,516	\$ 125,685	\$ -	\$ 125,685
Rehabilitation Services	35,273	-	35,273	-	-	-
Interest income	153	-	153	142	-	142
Contributions	29,771	-	29,771	31,272	-	31,272
Rent income	16,661	-	16,661	22,142	-	22,142
Client Fees	547,200	-	547,200	532,334	-	532,334
Product Sales and Service Revenue	335,020	-	335,020	426,583	-	426,583
Direct Product Sales and Service Costs	(155,732)	-	(155,732)	(209,071)	-	(209,071)
Fund Raising	47,257	-	47,257	47,298	-	47,298
Miscellaneous	376	-	376	-	-	-
<b>Total Revenues, Support and Reclassifications</b>	<b>1,012,495</b>	<b>-</b>	<b>1,012,495</b>	<b>976,385</b>	<b>-</b>	<b>976,385</b>
<b>Expenses</b>						
Program Services:						
Health and human services	827,740	37,734	865,473	657,305	33,543	690,848
Supporting Services:						
Management and General	162,853	9,433	172,287	166,851	8,386	175,237
Fund Raising:						
Fund Raising Expenses	18,444	-	18,444	10,098	-	10,098
<b>Total Expenses</b>	<b>1,009,037</b>	<b>47,167</b>	<b>1,056,204</b>	<b>834,254</b>	<b>41,929</b>	<b>876,183</b>
<b>Change in Net Assets</b>	<b>3,458</b>	<b>(47,167)</b>	<b>(43,709)</b>	<b>142,131</b>	<b>(41,929)</b>	<b>100,202</b>
<b>Transfers</b>	<b>(28,677)</b>	<b>28,677</b>	<b>-</b>	<b>(119,750)</b>	<b>119,750</b>	<b>-</b>
<b>Net Assets at Beginning of Year</b>	<b>136,731</b>	<b>1,100,418</b>	<b>1,237,149</b>	<b>114,350</b>	<b>1,022,597</b>	<b>1,136,947</b>
<b>Net Assets at End of Year</b>	<b>\$ 111,512</b>	<b>\$ 1,081,928</b>	<b>\$ 1,193,440</b>	<b>\$ 136,731</b>	<b>\$ 1,100,418</b>	<b>\$ 1,237,149</b>

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

FRESH START OUTREACH MINISTRIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b>Operating Activities</b>		
Change in Net Assets	\$ (43,709)	\$ 100,202
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	47,167	41,929
(Increase) decrease in:		
Accounts receivable	3,665	(10,200)
Prepaid expenses	3,301	(5,898)
Increase (decrease) in:		
Accounts payable	(9,954)	3,721
Accrued payroll and payroll taxes	2,875	(3,857)
Residents deposits	4,674	5,491
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>8,019</u>	<u>131,388</u>
<b>Investing Activities</b>		
Payments for property and equipment	<u>(28,677)</u>	<u>(119,750)</u>
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>(28,677)</u>	<u>(119,750)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(20,658)	11,638
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>183,887</u>	<u>172,249</u>
<b>Cash and Cash Equivalents at End of Year</b>	\$ <u><u>163,229</u></u>	\$ <u><u>183,887</u></u>
 <b>Supplemental Cash Basis Data</b>		
Interest Paid	\$ -	\$ -

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

FRESH START OUTREACH MINISTRIES  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016						2015					
	Program Services			Supportive Services			Program Services			Supportive Services		
	Women's Center	Men's Center	Total Program Services	Management and General	Fund Raising	Total Expenses	Women's Center	Men's Center	Total Program Services	Management and General	Fund Raising	Total Expenses
Advertising	\$ -	\$ 1,568	\$ 1,568	\$ 392	\$ -	\$ 1,960	\$ 40	\$ 1,278	\$ 1,318	\$ 329	\$ -	\$ 1,647
Auto fuel & maintenance	3,032	20,275	23,307	5,069	-	28,376	4,179	15,149	19,328	4,832	-	24,160
Depreciation	-	37,734	37,734	9,433	-	47,167	-	33,543	33,543	8,386	-	41,929
Donations	-	38,185	38,185	9,546	-	47,731	250	23,886	24,136	6,034	-	30,170
Equipment Rental	-	1,264	1,264	316	-	1,580	-	1,326	1,326	331	-	1,657
Insurance	-	30,982	30,982	7,745	-	38,727	-	27,564	27,564	6,891	-	34,455
Internship	3,900	82,584	86,484	20,646	-	107,130	1,900	57,283	59,183	14,796	-	73,979
Licenses	181	7,223	7,404	1,806	-	9,210	136	4,741	4,877	1,219	-	6,096
Meals, Entertainment, and Travel	608	4,061	4,669	1,015	-	5,684	1,175	4,700	5,875	-	-	5,875
Miscellaneous	2,806	14,011	16,817	3,503	18,444	38,764	219	3,384	3,603	4,894	10,098	18,595
Payroll Taxes & Related Benefits	9,278	28,312	37,590	7,078	-	44,668	12,450	23,686	36,136	9,034	-	45,170
Personal Services	102,290	228,685	330,975	57,171	-	388,146	91,954	180,132	272,086	68,022	-	340,108
Professional services	-	8,031	8,031	2,008	-	10,039	244	8,413	8,657	2,164	-	10,821
Repairs and Maintenance	14,325	49,161	63,486	12,290	-	75,776	3,338	27,373	30,711	7,678	-	38,389
Supplies	17,083	56,678	73,761	14,170	-	87,931	13,545	49,744	63,289	15,822	-	79,111
Telephone	4,427	6,751	11,178	1,688	-	12,866	4,194	4,800	8,994	2,249	-	11,243
Utilities	18,397	73,642	92,039	18,410	-	110,449	20,795	69,427	90,222	22,556	-	112,778
	<u>\$ 176,327</u>	<u>\$ 689,146</u>	<u>\$ 865,473</u>	<u>\$ 172,287</u>	<u>\$ 18,444</u>	<u>\$ 1,056,204</u>	<u>\$ 154,419</u>	<u>\$ 536,429</u>	<u>\$ 690,848</u>	<u>\$ 175,237</u>	<u>\$ 10,098</u>	<u>\$ 876,183</u>

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



**FRESH START OUTREACH MINISTRIES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015**

**NOTE 1. ORGANIZATION AND NATURE OF ACTIVITIES**

Fresh Start Outreach Ministries ("Fresh Start") is a non-profit corporation organized under the laws of the State of Louisiana on March 19, 2001. The primary purpose of this 23,000 square foot 48-room facility located in Winnsboro, Louisiana is to house, counsel, mentor, feed, and provide other services to men suffering from alcohol and chemical addictions. Additionally, in 2012, a 24-room facility was established to provide similar services for women. Fresh Start is operated exclusively for charitable and educational purposes.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting and Financial Statement Presentation

The financial statements have been prepared on the accrual method of accounting, whereby revenues are recognized in the period earned and expenditures are recorded in the period incurred and to which they pertain in accordance with principles generally accepted in the United States of America.

Not-for-Profit Accounting

Fresh Start reports information regarding its financial position and activities in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205 according to three classes of net assets: unrestricted net assets, temporarily restricted assets, and permanently restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The organization does not have any permanently restricted net assets at June 30, 2016.

The net assets are composed of the following:

UNRESTRICTED UNDESIGNATED NET ASSETS - consist of assets and revenue available and used for current operations and expenditures for current programs, and amounts designated by the Board of Directors for long-term investment, equipment, or other specific purposes.

UNRESTRICTED PROPERTY & EQUIPMENT NET ASSETS – consist of land, building and equipment fixed assets acquired and stated at cost. In includes fixed assets acquired by Fresh Start. and amounts donated to assist with the acquisition, construction or renovation of fixed assets.

TEMPORARILY RESTRICTED NET ASSETS - consist of assets available to meet current expenses, but only in compliance with restrictions specified by the grantor or donor.

**FRESH START OUTREACH MINISTRIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Contractual Revenue & Economic Dependency

Since 2007, Fresh Start has contracted with the the Louisiana Department of Health and Hospitals' Office of Behavioral Health to administer an Access to Recovery voucher program for substance abuse treatment. Fresh Start is thus subject to the administrative directives, rules, and regulations of state regulatory agencies, including but not limited to, the Department of Health and Hospitals' Office of Behavioral Health. Such administrative directives, rules, and regulations are subject to change by federal and state mandates. For its services, Fresh Start received \$156,516 and \$125,685 of state funds in 2016 and 2015, respectively. Approximately 13% of Fresh Start revenue is generated from this contract. The remaining is generated from client fees, public contributions, product sales and service revenue, and rental income.

Cash and Cash Equivalents

Fresh Start considers all short-term, highly liquid debt investments purchased with an original maturity of three months or less to be cash equivalents.

Functional Allocation of Expenses

Expenses by function have been allocated between program and support services classifications on the basis of estimates made by Fresh Start's management. Expenses are charged to each program based on direct expenditures incurred. Fund-raising costs are not material, other than direct costs of specific fund-raising events.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Allowance for Doubtful Accounts

No allowance for uncollectible accounts has been provided since it is believed that the balance in accounts receivable is all collectible.

**FRESH START OUTREACH MINISTRIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Capitalization and Depreciation

Property and equipment are recorded at cost. Donated capital assets are recorded at fair market value on the date of the donation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities. Estimated useful lives used for depreciation purposes are as follows:

Buildings	40 years
Furniture and Equipment	5 to 7 years

Impairment of Long-Lived Assets

Fresh Start reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than their carrying amounts, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the years ended June 30, 2016 and 2015.

Advertising

The production costs of advertising are expensed at the time that the advertising takes place. Advertising for 2016 and 2015 totaled \$1,960 and \$1,647, respectively.

Subsequent Events

Events that occur after the Statement of Financial Position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the organization through December 28, 2016 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**FRESH START OUTREACH MINISTRIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 3. LAND, BUILDING AND EQUIPMENT**

Expenditures for land, building and equipment are capitalized at cost. Property and equipment acquisitions are capitalized in excess of \$1,000. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer. For assets constructed by the Fresh Start, cost includes interest during the construction period and other carrying costs. When assets are disposed of, the cost related accumulated depreciation is removed from the accounts, and any gain or loss is recorded in operations. Fresh Start reclassifies temporarily restricted net assets to unrestricted net assets when the donated or acquired net assets are placed in service.

Depreciation is computed using the straight-line method over the estimated service lives of the assets. A summary of changes in general fixed assets for the years ended June 30, 2016 and 2015, respectively, follows:

<u>Assets Class</u>	<u>2016</u>	<u>2015</u>	<u>Service Life</u>
Land	207,991	207,991	N/A
Building & Improvements	1,058,097	1,031,535	40 years
Furniture, Fixtures, and Equipment	<u>170,355</u>	<u>168,240</u>	5-7 years
	1,436,443	1,407,766	
Less: Accumulated Depreciation	<u>(354,515)</u>	<u>(307,348)</u>	
Net Balance	1,081,928	1,100,418	

Depreciation for 2016 and 2015 totaled \$47,167 and \$41,929, respectively.

**NOTE 4. CONTRIBUTED SERVICES**

In some instances volunteers have donated time to Fresh Start's program services. During the year, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

**NOTE 5. INCOME TAXES**

Fresh Start is a non-profit voluntary health organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under Section 121 (5) of Title 47 of the Louisiana Revised Statutes of 1950.

Unrelated business taxable income (UBIT) is derived from any activity that constitutes a trade or business that is regularly carried on and is not substantially related to the organization's tax-exempt purposes. During 2016 and 2015, Fresh Start did not earn any income which was classified as UBIT.

**FRESH START OUTREACH MINISTRIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

NOTE 6. PENSION

No employees of Fresh Start are members of a pension plan. The corporation withheld Federal Insurance Contributions Act (FICA) taxes for the period under audit.

NOTE 7. OPERATING LEASES

The Company leases sanitation equipment with a monthly lease term. Lease expense for the year ended June 30, 2016 and 2015 was \$1,264 and \$1,657, respectively.

Accordingly, there are no future minimum lease payment requirements.

NOTE 8. CONCENTRATION OF CREDIT RISK

Fresh Start Outreach Ministries' financial instruments that are exposed to concentrations of credit risk consist primarily of cash on deposit at financial institutions (including certificates of deposit). Fresh Start places its financial instruments with a high credit quality bank. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in 2016. No amounts on deposit were in excess of federally insured at June 30, 2016 and 2015.

FRESH START OUTREACH MINISTRIES  
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO  
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER  
FOR THE YEAR ENDED JUNE 30, 2016

Agency Head Name: Clay Russell, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$55,350
Benefits	\$16,740
Auto/Mileage	\$ 0
Travel	\$ 0
Meals	\$ 0
Continuing Education, Per Diem, Etc.	\$ 0
Unvouchered Expenses	\$ 0

**B&T BOND &  
TOUSIGNANT, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

1500 Lamy Lane, Monroe, LA 71201-3734 • P. O. Box 14065, Monroe, LA 71207-4065  
Phone: (318) 323-0717 • Fax: (318) 323-0719

---

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Fresh Start Outreach Ministries, Inc. /

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 Fresh Start Outreach Ministries, Inc., which comprise the statement of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 28, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Fresh Start Outreach Ministries, Inc.'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 Fresh Start Outreach Ministries, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Fresh Start Outreach Ministries, 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Fresh Start Outreach Ministries, Inc.'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

*Bond & Jousignant, LLC*

Monroe, Louisiana  
December 28, 2016