

FAMILIES HELPING FAMILIES OF
NORTHEAST LOUISIANA, INC.

Financial Report
For the Year Ended June 30, 2021



FAMILIES HELPING FAMILIES OF NORTHEAST LOUISIANA, INC.
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| Independent Auditor's Report ----- | 1-2 |
| Financial Statements | |
| Statement of Financial Position ----- | 3 |
| Statement of Activities ----- | 4 |
| Statement of Functional Expenses ----- | 5 |
| Statement of Cash Flows ----- | 6 |
| Notes to the Financial Statements ----- | 7-13 |
| Other Supplementary Information | |
| Schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head ----- | 14 |
| 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 <i>Government Auditing Standards</i> ----- | 15-16 |
| Schedule of Findings and Responses ----- | 17-18 |
| Summary Schedule of Prior Year Findings ----- | 19 |



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Families Helping Families of Northeast Louisiana, Inc.
Monroe, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of Families Helping Families of Northeast Louisiana, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 the 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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 auditor's judgement, 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, I 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.

I believe that the audit evidence I have obtained is enough and appropriate to provide a basis for my audit opinion.



Board of Directors
Families Helping Families of Northeast Louisiana, Inc.
Monroe, Louisiana

Opinion

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

Other Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, reimbursements, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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, this information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reports Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated February 11, 2022, on my consideration of Families Helping Families of Northeast Louisiana, Inc.'s internal control over financial reporting and on my test of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 Families Helping Families of Northeast Louisiana, Inc.'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 Families Helping Families of Northeast Louisiana Inc.'s internal control over financial reporting and compliance.

Maxwell CPA, LLC

Monroe, Louisiana
February 11, 2022

FAMILIES HELPING FAMILIES OF NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS

Current Assets

| | |
|----------------------|--------------------------|
| Cash | \$ 74,445 |
| Grants Receivable | 31,903 |
| Due From Employees | 231 |
| Investments | <u>105,937</u> |
| Total Current Assets | <u><u>\$ 212,516</u></u> |

LIABILITIES AND NET ASSETS

Current Liabilities

| | |
|---------------------------|------------|
| Accounts Payable | \$ 1,943 |
| Payroll Taxes Payable | <u>364</u> |
| Total Current Liabilities | 2,307 |

Noncurrent Liabilities

| | |
|--------------------|--------|
| Note Payable - PPP | 42,239 |
|--------------------|--------|

Net Assets

| | |
|----------------------------------|--------------------------|
| Without Donor Restrictions | <u>167,970</u> |
| Total Liabilities and Net Assets | <u><u>\$ 212,516</u></u> |

The accompanying notes are an integral part of this financial statement.

FAMILIES HELPING FAMILIES OF NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Revenues and Other Support

| | |
|----------------------------------|----------------|
| Grants and Contracts | \$ 248,870 |
| Fund-raising Events | 13,170 |
| Contributions | 11,835 |
| Investment Income | 13,856 |
| Other Income | 42,559 |
| Total Revenues and Other Support | <u>330,290</u> |

Expenses

| | |
|--|----------------|
| Program: | |
| Community and Family Support With Training | 233,801 |
| Support: | |
| General and Administrative | 81,458 |
| Fundraising | - |
| Total Expenses | <u>315,259</u> |

Change in Net Assets

15,031

Net Assets, Beginning of the Year

152,939

Net Assets, End of the Year

\$ 167,970

The accompanying notes are an integral part of this financial statement.

FAMILIES HELPING FAMILIES OF NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

| | <u>Program</u> | <u>Support</u> | | <u>Total</u> |
|---|---|---------------------------------------|--------------------|-------------------|
| | <u>Community and Family Support with Training</u> | <u>General and Administrative</u> | <u>Fundraising</u> | |
| Salaries | \$ 136,283 | \$ 45,428 | \$ - | \$ 181,711 |
| Payroll Taxes | 11,796 | 3,932 | - | 15,728 |
| Other Employee Benefits | 2,437 | 2,043 | - | 4,480 |
| Supplies and Equipment | 7,086 | 5,943 | - | 13,029 |
| Building Rent, Utilities, and Maintenance | 6,596 | 5,531 | - | 12,127 |
| Postage | 245 | 206 | - | 451 |
| Telephone | 4,490 | 3,766 | - | 8,256 |
| Professional Fees | 4,563 | 3,827 | - | 8,390 |
| Insurance | 5,205 | 4,365 | - | 9,570 |
| Promotions | 441 | 369 | - | 810 |
| Office Expense | 2,494 | 2,092 | - | 4,586 |
| OCDD Fiscal Intermediary | 44,331 | - | - | 44,331 |
| CSHS Transport and Travel | 160 | - | - | 160 |
| DDC Event | 192 | - | - | 192 |
| Adult Programs | 347 | - | - | 347 |
| CCR Expenses | 2,461 | - | - | 2,461 |
| Board Meetings | - | 40 | - | 40 |
| Miscellaneous | 4,674 | 3,916 | - | 8,590 |
| | <u>\$ 233,801</u> | <u>\$ 81,458</u> | <u>\$ -</u> | <u>\$ 315,259</u> |
| Total Functional Expenses | <u>\$ 233,801</u> | <u>\$ 81,458</u> | <u>\$ -</u> | <u>\$ 315,259</u> |

The accompanying notes are an integral part of this financial statement.

FAMILIES HELPING FAMILIES OF NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

Cash Flows From Operating Activities

| | |
|--|----------------|
| Increase in Net Assets | \$ 15,031 |
| Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities: | |
| Unrealized (Gain) Loss on Investments | (8,834) |
| (Increase) Decrease in Grants Receivable | 6,685 |
| Increase (Decrease) in Accounts Payable | (1,367) |
| Increase (Decrease) in Payroll Taxes Payable | 364 |
| Total Adjustments | <u>(3,152)</u> |
| Net Cash Provided by Operating Activities | <u>11,879</u> |

Cash Flows From Investing Activities

| | |
|---|---------|
| Dividend and Interest Income Reinvested | (2,511) |
|---|---------|

Cash Flows From Financing Activities

| | |
|---|-----------------|
| Proceeds from Long-Term Debt - PPP | 42,239 |
| Payroll Protection Program Loan Forgiveness | <u>(41,648)</u> |
| Net Cash Provided by Financing Activities | 591 |

Net Increase in Cash and Cash Equivalents 9,959

Cash and Cash Equivalents at Beginning of Year 64,486

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 74,445

Supplemental Disclosure of Cash Flow Information

| | |
|---------------|--------------------|
| Interest Paid | <u><u>\$ -</u></u> |
|---------------|--------------------|

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

FAMILIES HELPING FAMILIES OF NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

Note 1 – Nature of Operations and Summary of Significant Accounting Policies

A. Nature of Operations

Families Helping Families of Northeast Louisiana, Inc., is a nonprofit organization whose purpose is to serve individuals with disabilities and their families in Region VIII of northeast Louisiana by providing information and referrals on available services, parent-to-parent support, education, and training. The Organization is governed by 12 non-compensated directors.

B. Basis of Presentation

FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly.

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, 2020, the Organization does not have any restrictions that are perpetual in nature.

C. Basis of Accounting

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

D. Income Taxes

Families Helping Families of Northeast Louisiana, Inc., is exempt from income taxes under Internal Revenue Code Section 501(c) (3) and the Internal Revenue Service (IRS) has classified it as other than a private foundation. Accordingly, no provision for income taxes has been made; however, should the organization engage in activities unrelated to its exempt purpose, taxable income could result. The organization had no material unrelated business income for the year ended June 30, 2021. The earliest income tax year that is subject to examination is 2018.

FAMILIES HELPING FAMILIES OF NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (continued)

E. Use of Estimates

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

F. Uncollectible Allowance

The statements contain not provision for uncollectible accounts. Management considers all amounts due from grantors to be fully collectible.

G. Fair Value of Financial Instruments

FASB Accounting Standards Codification No. 820, Disclosures About Fair Value of Financial Instruments, requires disclosure of fair value information about financial instruments, whether or not recognized in the statement of financial position. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows.

In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments. Codification No. 820 excludes certain financial instruments and all non-financial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Organization.

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

(1) Cash and Cash Equivalents

The carrying amounts reported in the statements of financial position for cash and cash equivalents approximate their fair value.

(2) Investments

Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

H. Equipment and Furniture

Equipment and furniture of Families Helping Families of Northeast Louisiana, Inc., is not capitalized as title to the assets, which are purchased with resources from grants, reverts to the grantors. The full cost of equipment and furniture is charged as an expense upon purchase. Maintenance and repairs of equipment and furniture are charged to operations.

FAMILIES HELPING FAMILIES OF NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (continued)

I. Revenues and Other Support

Revenues received under grant programs are recorded as revenue when Families Helping Families of Northeast Louisiana, Inc., has incurred expenditures in compliance with the specific restrictions. Approximately 83% of its revenues and other support are received under federal, state and local grant agreements. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Families Helping Families of Northeast Louisiana, Inc., has not received any contributions with donor-imposed restrictions that would result in temporary or permanent restrictions on net assets.

J. Functional Allocation of Expenses

The costs of providing the various activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the activities benefitted.

K. Adoption of New Accounting Standards

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, to replace a wide range of industry-specific rules with a broad, principles-based framework for recognizing and measuring revenue from contracts with customers. The guidance is codified at FASB ASC 606. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. The Organization's revenue is composed of contributions and annual grants. Accordingly, the majority of the Organization's revenues were not affected. Adoption of ASU 2014-09, which was effective for the Organization on January 1, 2020, did not have a material impact on the financial statements.

Note 2 – Liquidity and Availability

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

| | |
|---------------------------|----------------|
| Cash and Cash Equivalents | \$ 74,445 |
| Grants Receivable | 31,903 |
| Due From Employees | 231 |
| Investments | <u>105,937</u> |
| | \$ 212,516 |

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 3 – Cash

At June 30, 2021, Families Helping Families of Northeast Louisiana, Inc., had cash (book balances) as follows:

FAMILIES HELPING FAMILIES OF NORTHEAST LOUISIAN, INC.
MONROE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

Note 3 – Cash (continued)

| | | |
|-------------------|--|------------------|
| Checking accounts | | \$ 74,360 |
| Petty cash | | <u>85</u> |
| Total cash | | <u>\$ 74,445</u> |

Note 4 – Investments

Investments held as of June 30, 2021 by Families Helping Families of Northeast Louisiana, Inc. with Argent Financial consisted of:

| | <u>Cost</u> | <u>Fair Value</u> | <u>Unrealized Gain (Loss)</u> |
|------------------|------------------|-------------------|-----------------------------------|
| Cash equivalents | \$ 3,207 | \$ 3,207 | \$ - |
| Mutual funds | 84,617 | 89,812 | 5,195 |
| Equities | <u>9,811</u> | <u>12,918</u> | <u>3,107</u> |
| Totals | <u>\$ 97,635</u> | <u>\$ 105,937</u> | <u>\$ 8,302</u> |

Investment income for the year ended June 30, 2021 is summarized as follows:

| | |
|-------------------------|------------------|
| Interest | \$ 23 |
| Dividends | 2,212 |
| Unrealized Gain (Loss) | <u>8,834</u> |
| Total investment income | <u>\$ 11,069</u> |

Note 5 - Fair Value Measurements

Generally accepted accounting principles (GAAP) provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to adjusted quoted prices in active markets for identical assets or liabilities (level 1 investments) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under the framework are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access at the measurement date.

Level 2: Inputs to valuation methodology include quotes prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

FAMILIES HELPING FAMILIES OF NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

Note 5 - Fair Value Measurements (continued)

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement determined using model-based techniques that include option pricing model, discounted cash flow models, and similar techniques.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

At June 30, 2021 all investments were valued at the closing price reported on the active market on which the individual securities are traded (Level 1).

Note 6 - Grants Receivable

A summary of amounts grants receivable as of June 30, 2021 is as follows:

| | |
|--|------------------|
| Louisiana State Planning Council on Developmental Disabilities | \$ 4,702 |
| Louisiana Department of Education | 1,200 |
| Louisiana Department of Health and Hospitals – Northeast Delta Human Services Authority | 14,401 |
| Louisiana Clinical Services, Inc. – Children's Special Health Svcs | 11,250 |
| CSHS Transportation | 0 |
| Miscellaneous | <u>350</u> |
| Total Grants Receivable | <u>\$ 31,903</u> |

Note 7 - Contingencies, Risks, and Uncertainties

As stated earlier, approximately 86% of Families Helping Families of Northeast Louisiana, Inc.'s revenues and support are received under federal, state, and local grant agreements. Funding for the various programs is provided on a year-to-year basis, with no requirement that the programs be renewed at all, or if renewed, that funding levels be maintained or increased.

Families Helping Families of Northeast Louisiana, Inc. participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that Families Helping families of Northeast Louisiana, Inc. has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables as of June 30, 2021 may be impaired. In the opinion of Families Helping Families of Northeast Louisiana, Inc.'s management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recording in the accompanying financial statements for such contingencies.

FAMILIES HELPING FAMILIES OF NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

Note 8 – Summary of Grants/Contract Funding

Families Helping Families of Northeast Louisiana, Inc., was primarily funded through the following grants and contracts for the year ended June 30, 2021:

| | |
|---|-------------------|
| Louisiana State Planning Council on Developmental Disabilities: | |
| CFMS 2000482040 | \$ 56,391 |
| CFMS 2000531143 | 209 |
| | |
| Louisiana Department of Education: | |
| CFMS 2000543068 | 12,255 |
| | |
| Louisiana Clinical Services: | |
| 87101 | 45,000 |
| 84396 | 73,997 |
| 112200 | 51,785 |
| 82819 | 1,540 |
| 188490 | 3,493 |
| | |
| Bayou Land Families Helping Families - FHFHIC | <u>4,200</u> |
| | |
| Total Recognized Grant Revenue | <u>\$ 248,870</u> |

Note 9 – Concentration of Credit Risk

The Organization maintains its cash and cash equivalents balances in one financial institution. Custodial credit risk is the risk that in the event of a bank failure, the Organization's deposits may not be returned to them. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2021 the amounts on deposit by the Organization were covered by FDIC insurance.

Note 10 – Litigation and Claims

As of June 30, 2021, Families Helping Families of Northeast Louisiana, Inc., was not involved in any litigation nor aware of any unasserted claims.

Note 11 – Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 11, 2022, the date the financial statements were available to be issued.

FAMILIES HELPING FAMILIES OF NORTHEAST LOUISIAN, INC.
MONROE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

Note 11 – Subsequent Events (continued)

In October 2021, the PPP loan on the statement of financial position was completely forgiven, and the loan forgiveness will be recorded as \$42,239 of other income in fiscal year 2022.

FAMILIES HELPING FAMILIES OF NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA

SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2021

| | | |
|-----------------------------------|----|----------------------|
| Agency Head | | |
| Stacey Guidry, Executive Director | | |
| Salary | \$ | 71,704 |
| Benefits | | |
| Benefits - Insurance | | <u>1,950</u> |
| Total | \$ | <u><u>73,654</u></u> |

See accompanying notes and auditor's report.



**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
Families Helping Families of Northeast Louisiana, Inc.
Monroe, Louisiana

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 Families Helping Families of Northeast Louisiana, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated February 11, 2022.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Families Helping Families of Northeast Louisiana, 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 Families Helping Families of Northeast Louisiana, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of Families Helping Families of Northeast Louisiana, Inc.'s internal control.

My 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, I did identify certain deficiencies in internal controls that I consider to be a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected, on a timely basis. I consider the deficiency described in the accompanying schedule of findings and responses as 2021-02 to be a material weakness.



A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency described in the accompanying schedule of findings and responses as 2021-01 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Families Helping Families of Northeast Louisiana, 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2021-03.

Management's Responses to Findings

Families Helping Families of Northeast Louisiana, Inc.'s responses to the findings identified in my audit are described in the accompanying schedule of findings and responses. The responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, the communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Maxwell CPA, LLC

Monroe, Louisiana
February 11, 2022

FAMILIES HELPING FAMILIES OF NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2021

SUMMARY OF AUDIT RESULTS

1. The auditors' report expressed an unmodified opinion on the financial statements of the Families Helping Families of Northeast Louisiana, Inc.
2. One material weakness was disclosed during the audit of the financial statements to be reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*.
3. One significant deficiency was disclosed during the audit of the financial statements to be reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*.
4. One instance of noncompliance material to the financial statements of Families Helping Families of Northeast Louisiana, Inc., which is reported in accordance with *Government Auditing Standards*, was disclosed during the audit.

FINDINGS - FINANCIAL STATEMENT AUDIT

2021-01 Inadequate Segregation of Duties

Condition:

The segregation of duties is inadequate to provide effective internal control.

Criteria:

Adequate segregation of duties is essential to a proper internal control structure.

Cause:

The condition is due to economic limitations.

Effect:

Not determined.

Recommendation:

No action is recommended.

Response:

We concur in the finding, but it is not economically feasible for corrective action to be taken.

2021-02 Internal Controls Operational Deficiency

Condition:

The Organization's consulting CPA had to make material entries and reclassification of items at year end that should have been done on a regular basis throughout the year. The bank reconciliations were not reviewed for accuracy resulting in multiple entries made to cash at year end and outstanding items not being addressed by management.

FAMILIES HELPING FAMILIES OF NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2021

2021-02 Internal Controls Operational Deficiency (continued)

Criteria:

The Organization's internal controls are not operating as designed which could lead to material misstatement of the financial statements. The Organization's financial statements should be free of material errors and misclassifications every month when the books are closed.

Cause:

Personnel were not performing their duties and the controls were not effective in detecting and correcting the problem. The consulting CPA had to make large adjustments and reclassifications while making year end entries.

Effect:

Financial statements provided to the board, grantors, and others could be inaccurate and misleading.

Recommendation:

The Organization should review the internal controls and consider having a board member and/or their consulting CPA review the general ledger and financial statements monthly.

Response:

We will work with the board to strengthen controls and make the necessary changes to make sure this doesn't happen in future years.

2021-03 Compliance with Annual Filing Deadline

Condition:

The Organization did not timely file its annual reports for the year ending June 30, 2021.

Criteria:

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

Cause:

The Organization did not file its report for June 30, 2021 within six months of the end of its fiscal year.

Effect:

The Organization was not in compliance with state statute.

Recommendation:

The Organization should work with its outside accounting firm to get the financial information ready earlier so that it can be submitted to the Legislative Auditor in a timely manner.

Response:

In the future the Organization will work with its contracted accounting firm to make sure that all financial information is available earlier in the year.

FAMILIES HELPING FAMILIES OF NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

Section I - Financial Statement Findings

2020-01 Inadequate Segregation of Duties

Condition:

Adequate segregation of duties is essential to proper internal controls

Recommendation:

None

Current Status:

Repeated as finding 2021-01.

Section II - Internal Control and Compliance Material to Federal Awards

This section is not applicable for this entity.

Section III - Management Letter

No management letter was issued.