

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

**Financial Statements**  
**For the Years Ended June 30, 2016 and 2015**



**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**JUNE 30, 2016 AND 2015**

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# CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

*Certified Public Accountants*

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## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of Claiborne Church of God, Inc. (The Church), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities 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. 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Claiborne Church of God, 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.

### **Other Matters**

#### **Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, reimbursements, benefits and other payments to the agency head on page 17, 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 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 1, 2016, on our consideration of Claiborne Church of God, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Claiborne Church of God, Inc.'s internal control over financial reporting and compliance.

*Cameron, Hines & Company (APAC)*

West Monroe, Louisiana  
December 1, 2016

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

	June 30,	
	2016	2015
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ 1,954,787	\$ 1,664,880
Accounts Receivable	43,511	29,805
Accounts Receivable - Grant Funds	33,407	31,302
Land, Buildings and Equipment, Net	7,166,350	7,149,110
<b><u>TOTAL ASSETS</u></b>	<b>\$ 9,198,055</b>	<b>\$ 8,875,097</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Liabilities</u></b>		
Accounts Payable	\$ (402)	\$ 2,301
Payroll Taxes Payable	18,332	14,587
Deferred Income	49,514	67,747
Notes Payable - O'Neal Family Center	-	346,970
<b>Total Liabilities</b>	<b>67,444</b>	<b>431,605</b>
<b><u>Net Assets</u></b>		
Invested in Capital Assets, Net of Related Debt	7,166,350	6,802,140
Restricted for:		
Church Programs	336,244	128,151
Unrestricted	560,240	667,795
Board Designated	1,067,777	845,406
<b>Total Net Assets</b>	<b>9,130,611</b>	<b>8,443,492</b>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b>\$ 9,198,055</b>	<b>\$ 8,875,097</b>

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

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

	Years Ended June 30,	
	2016	2015
<b><u>Changes in Unrestricted Net Assets</u></b>		
<b><u>Revenues and Gains:</u></b>		
Family Church Revenue	\$ 2,732,866	\$ 2,525,316
Claiborne Christian School	1,505,717	1,373,782
Claiborne Christian School Sports	131,135	129,546
CCS Preschool	1,069,213	1,040,655
CCS K4	615,630	504,912
Cafeteria	367,283	345,678
Interest Income	-	1
Net Assets Released From Restrictions - Satisfaction of Program Restrictions	620,903	534,318
<b>Total Unrestricted Revenues and Gains and Other Support</b>	<b>7,042,747</b>	<b>6,454,208</b>
<b><u>Expenses</u></b>		
Family Church Salaries	1,008,821	1,004,516
Family Church General & Administrative	610,454	585,559
Family Church Ministries	142,510	168,891
Claiborne Christian School Salaries	1,094,078	1,059,829
CCS General & Administrative	152,300	173,173
CCS Preschool Salaries	667,326	617,090
CCS Preschool General & Administrative	98,455	95,824
CCS K4	447,410	392,363
CCS Sports	199,351	187,013
Cafeteria	354,302	350,631
Maintenance	559,455	774,916
Depreciation Expense	352,555	340,791
Designated Programs	876,704	631,473
<b>Total Expenses</b>	<b>6,563,721</b>	<b>6,382,069</b>
<b><u>Increase in Unrestricted Net Assets</u></b>	<b>479,026</b>	<b>72,139</b>
<b><u>Changes in Temporarily Restricted Net Assets</u></b>		
Contributions and Revenues	828,996	553,368
Net Assets Released From Restrictions	(620,903)	(534,318)
<b>Increase in Temporarily Restricted Net Assets</b>	<b>208,093</b>	<b>19,050</b>
<b><u>Increase in Net Assets</u></b>	<b>687,119</b>	<b>91,189</b>
<b><u>Net Assets at Beginning of Year</u></b>	<b>8,443,492</b>	<b>8,352,303</b>
<b><u>NET ASSETS AT END OF YEAR</u></b>	<b>\$ 9,130,611</b>	<b>\$ 8,443,492</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,	
	2016	2015
<b><u>Cash Flows From Operating Activities</u></b>		
Increase in Net Assets	\$ 687,119	\$ 91,189
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	352,555	340,791
(Increase) Decrease in Accounts Receivable	(13,706)	16,214
(Increase) Decrease in Grant Funds Receivable	(2,105)	(6,342)
Increase (Decrease) in Accounts Payable	(2,301)	(17,235)
Increase (Decrease) in Payroll Taxes Payable	3,343	(723)
Increase (Decrease) in Deferred Revenue	(18,233)	33,504
Total Adjustments	319,553	366,209
Net Cash Provided by Operating Activities	1,006,672	457,398
<b><u>Cash Flows From Investing Activities</u></b>		
Purchases of Equipment	(369,795)	(89,736)
<b><u>Cash Flows From Financing Activities</u></b>		
Payments on Notes Payable	(346,970)	(457,381)
<b><u>Net Increase (Decrease) in Cash and Cash Equivalents</u></b>	289,907	(89,719)
<b><u>Cash and Cash Equivalents at Beginning of Year</u></b>	1,664,880	1,754,599
<b><u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u></b>	\$ 1,954,787	\$ 1,664,880
<b>Supplemental Disclosure of Cash Flow Information</b>		
Interest Paid	\$ 6,743	\$ 35,978

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, 2016 AND 2015**

**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).



**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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

A. Nature of Activities (continued)

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.

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

FASB Accounting Standards Codification (ASC) section 958-205 *Not-for-Profit Entities, Presentation of Financial Statements* establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. ASC section 958-605 *Not-for-Profit Entities, Revenue Recognition* requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

A description of the three net asset categories follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Church and/or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they may be maintained permanently by the Church. Generally, the donors of these assets permit the Church to use all or part of the income earned on related investments for general or specific purposes. At June 30, 2016 and 2015, there were no permanently restricted net assets.

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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

**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.

**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.

For twelve month employees:

6-12 months of service	3 days
1-3 years of service	1 week
4-7 years of service	7 days
8-11 years of service	2 weeks
12+ years of service	3 weeks

Ten-month employees receive vacation during Spring Break, Christmas Break, and Summer Break.

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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

H. Compensated Absences (continued)

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.

Note 2 - Land, Buildings and Equipment

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

	<u>2016</u>	<u>2015</u>
Furniture and Fixtures	\$ 243,220	\$ 243,220
Equipment	594,465	540,332
Improvements	540,982	537,781
Buildings	10,505,435	10,505,435
Vehicles	102,777	102,777
Construction in Progress	237,091	-
Land	<u>328,733</u>	<u>253,363</u>
Total	12,552,703	12,182,908
Less: Accumulated Depreciation	<u>( 5,386,354 )</u>	<u>( 5,033,798 )</u>
<b><u>TOTAL</u></b>	<b><u>\$7,166,349</u></b>	<b><u>\$ 7,149,110</u></b>

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

**Note 3 - Financial Instruments**

The Church maintains its cash account at one federally insured financial institution. The cash account is insured by the Federal Deposit Insurance Corporation for up to \$250,000.

**Note 4 - Concentrations of Contributions**

For the year ended June 30, 2016, five families accounted for approximately 27.06% of total contributions. These five families accounted for approximately 27.76% of total contributions for the year ended June 30, 2015.

**Note 5 - 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, 2016 and 2015, the School received \$381,972 and \$318,310 respectively in funding for its K4 program.

**Note 6 - 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 2016 the School had 52 kids who received vouchers totaling \$293,803. During the fiscal year 2015 the School had 46 kids who received vouchers totaling \$255,182.

**Note 7 - 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 child care 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, 2016 and 2015, the School received \$224,365 and \$208,346, respectively in funding for its lunch program.

**Note 9 - Subsequent Events**

Subsequent events have been evaluated through December 1, 2016, 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.

# CAMERON, HINES & COMPANY

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*Certified Public Accountants*

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## **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**

Board of Directors of  
Claiborne Church of God, 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 Claiborne Church of God, Inc., which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 1, 2016.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Claiborne Church of God, Inc.'s internal control over financial reporting 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 Claiborne Church of God, Inc.'s internal control. Accordingly, we 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 Church'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 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material

weaknesses. We did identify a deficiency in internal control that we consider to be a significant deficiency, 16-1.

### **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, 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 audits, 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*.

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

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Cameron, Hines & Company (APAC)*

West Monroe, Louisiana  
December 1, 2016

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**SUMMARY OF AUDIT RESULTS**

1. The auditors' report expressed an unmodified opinion on the financial statements of the Claiborne Church of God, Inc. (The Church).
2. 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* .
3. No instances of noncompliance material to the financial statements of Claiborne Church of God, Inc., which are reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

**FINDINGS - FINANCIAL STATEMENT AUDIT**

16-1 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.

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. We 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.

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2016 (Continued)**

FINDINGS – FINANCIAL STATEMENT AUDIT (continued)

Response:

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.



**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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

**15-1 Segregate Cash Disbursements Responsibilities**

**Condition:**

In reviewing the procedures and controls related to cash disbursements functions, we noted that the business administrator has more responsibility than is optimal. For instance, he approves disbursements, signs checks, receives and reviews unopened bank statements and cancelled checks, and reviews bank reconciliations. Also, we were informed an authorized check signer has the check signing stamp of another authorized check signer.

**Recommendation:**

In order to mitigate this condition, we recommend that someone other than the business administrator receive and review unopened bank statements and cancelled checks. This control takes no more than an hour each month and provides a supervisory control that can help prevent or detect improper or unauthorized disbursements. Note that this comment is not meant to imply that we identified unauthorized disbursements, but that additional controls could reduce the risk.

**Current Status:**

The executive pastor has access to online banking and credit card accounts and can review bank and credit card activity at any time. He also reviews and approves the bank statement every month.

**15-2 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. We 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:**

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.

**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, 2016**

**Agency Head**

Beck Payne  
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>		-
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	\$	-
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**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.