

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

Financial Statements
For the Years Ended June 30, 2020 and 2019



CLAIBORNE CHURCH OF GOD, INC.
(DBA FAMILY CHURCH)
JUNE 30, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of Claiborne Church of God, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. 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 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, 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 sufficient and appropriate to provide a basis for my audit opinion.



Board of Directors
Claiborne Church of God, Inc.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Claiborne Church of God, Inc. as of June 30, 2020 and 2019, 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

My 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued our report dated March 9, 2021, on my consideration of Claiborne Church of God, Inc.'s internal control over financial reporting and on my 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 my 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.

Maxwell CPA, LLC
Monroe, Louisiana
March 9, 2021

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

	June 30,	
	2020	2019
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 3,025,560	\$ 2,519,731
Certificates of Deposit	532,031	517,458
Accounts Receivable	52,048	60,856
Accounts Receivable - Grant Funds	73,096	61,866
Land, Buildings and Equipment, Net	7,844,716	7,563,681
<u>TOTAL ASSETS</u>	\$ 11,527,451	\$ 10,723,592
<u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities</u>		
Accounts Payable	\$ 36,423	\$ 10,008
Payroll Taxes Payable	19,428	18,121
Deferred Income	86,026	74,970
Total Liabilities	141,877	103,099
Notes Payable - PPP	782,184	-
<u>Net Assets</u>		
Without Donor Restrictions		
Undesignated	688,565	982,208
Board Designated	1,919,247	1,957,637
Net Investment in Property and Equipment	7,844,716	7,563,681
With Donor Restrictions		
Restricted for Church Programs	150,862	116,967
Total Net Assets	10,603,390	10,620,493
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 11,527,451	\$ 10,723,592

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

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

	Without Donor Restrictions	With Donor Restrictions	Totals Years Ended June 30,	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<u>Revenues and Other Support:</u>				
Family Church Revenue	\$ 2,414,230	\$ 234,674	\$ 2,648,904	\$ 2,710,438
Claiborne Christian School	1,909,070	-	1,909,070	1,880,557
Claiborne Christian School Sports	153,136	-	153,136	160,852
CCS Preschool	1,130,214	-	1,130,214	1,162,104
CCS K4	594,968	-	594,968	643,848
Cafeteria	437,472	-	437,472	362,857
Interest Income	10,830	-	10,830	8,542
Net Assets Released From Restrictions - Satisfaction of Program Restrictions	200,779	(200,779)	-	-
Total Revenues and Other Support	<u>6,850,699</u>	<u>33,895</u>	<u>6,884,594</u>	<u>6,929,198</u>
<u>Expenses</u>				
Family Church	2,928,422	-	2,928,422	2,734,487
Claiborne Christian School	2,068,459	-	2,068,459	2,015,329
Claiborne Christian K4	557,556	-	557,556	561,201
Claiborne Christian Preschool	945,869	-	945,869	944,810
Claiborne Christian Cafeteria	401,391	-	401,391	343,433
Total Expenses	<u>6,901,697</u>	<u>-</u>	<u>6,901,697</u>	<u>6,599,260</u>
<u>Increase in Net Assets</u>	<u>(50,998)</u>	<u>33,895</u>	<u>(17,103)</u>	<u>329,938</u>
<u>Net Assets at Beginning of Year</u>	<u>10,503,526</u>	<u>116,967</u>	<u>10,620,493</u>	<u>10,290,555</u>
<u>NET ASSETS AT END OF YEAR</u>	<u>\$10,452,528</u>	<u>\$ 150,862</u>	<u>\$10,603,390</u>	<u>\$10,620,493</u>

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

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

	Church	School	K4	Preschool	Cafeteria	Years Ended June 30,	
						2020	2019
Salaries	\$1,228,912	\$ 1,200,524	\$ 413,928	\$ 678,508	\$ 135,993	\$3,657,865	\$3,437,507
Payroll Taxes	46,056	74,906	29,391	52,874	9,364	212,591	203,075
Employee Benefits	146,755	163,382	34,403	55,585	13,013	413,138	375,976
Advertising	7,456	9,790	2,947	5,496	-	25,689	24,219
Professional Fees	17,941	-	-	-	-	17,941	17,647
Training	632	46,715	2,022	9,561	1,186	60,116	21,145
Insurance	68,744	5,149	2,048	3,738	5,368	85,047	96,259
Supplies	68,291	116,487	23,215	25,015	236,467	469,475	385,565
Credit Card Fees	26,959	7,509	-	6,736	-	41,204	37,850
Meetings	10,266	-	-	-	-	10,266	8,454
Postage	4,897	1,475	-	1,159	-	7,531	6,069
Printing	18,067	-	1,056	-	-	19,123	17,435
Office	13,172	21,963	-	6,279	-	41,414	33,710
Missions	87,246	-	-	-	-	87,246	79,638
Ministries	290,769	-	-	-	-	290,769	318,853
Repairs and Maintenance	61,653	42,675	17,643	24,602	-	146,573	142,419
Lunches	-	-	-	44,595	-	44,595	61,053
Miscellaneous	-	9,174	6,500	-	-	15,674	14,625
Music	-	892	-	-	-	892	1,551
Student Activities	-	4,066	1,655	-	-	5,721	6,140
Athletics	-	134,118	-	-	-	134,118	153,407
Utilities	68,037	55,022	22,748	31,721	-	177,528	211,187
Designated Programs	500,651	-	-	-	-	500,651	532,518
Loss on Disposal	5,243	3,495	-	-	-	8,738	-
Depreciation Expense	256,675	171,117	-	-	-	427,792	412,958
Total	\$2,928,422	\$ 2,068,459	\$ 557,556	\$ 945,869	\$ 401,391	\$6,901,697	\$6,599,260

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,	
	2020	2019
<u>Cash Flows From Operating Activities</u>		
Increase (Decrease) in Net Assets	\$ (17,103)	\$ 329,938
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	427,792	412,958
Net realized losses on disposal of assets	8,738	-
(Increase) Decrease in Accounts Receivable	8,808	(3,619)
(Increase) Decrease in Grant Funds Receivable	(11,230)	11,900
Increase (Decrease) in Accounts Payable	26,415	(10,444)
Increase (Decrease) in Payroll Taxes Payable	1,307	(4,622)
Increase (Decrease) in Deferred Revenue	11,056	6,674
Total Adjustments	472,886	412,847
Net Cash Provided by Operating Activities	455,783	742,785
<u>Cash Flows From Investing Activities</u>		
Purchases of Property and Equipment	(717,565)	(251,197)
Increases in Certificate of Deposits	(14,573)	(517,458)
Net Cash Used by Investing Activities	(732,138)	(768,655)
<u>Cash Flows From Financing Activities</u>		
Proceeds from Long-Term Debt	782,184	-
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	505,829	(25,870)
<u>Cash and Cash Equivalents at Beginning of Year</u>	2,519,731	2,545,601
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	\$ 3,025,560	\$ 2,519,731
 <u>Supplemental Disclosure of Cash Flow Information</u>		
Interest Paid	\$ -	\$ -

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

CLAIBORNE CHURCH OF GOD, INC.
(DBA FAMILY CHURCH)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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 12th grade.

The specific and primary purposes of the Church are:

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

CLAIBORNE CHURCH OF GOD, INC.
(DBA FAMILY CHURCH)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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

B. Basis of Accounting

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

C. Basis of Presentation

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

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

Net Assets With Donor Restrictions – Net assets subject to donor or grantor-imposed restrictions. Some restrictions are temporary in nature, such as those that will be met with the passage of time or occurrence of other events. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As of June 30, 2019, the Church does not have any restrictions that are perpetual in nature.

D. Property and Equipment

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

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

E. Contributed Services

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

F. Circulating Library

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

CLAIBORNE CHURCH OF GOD, INC.
(DBA FAMILY CHURCH)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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

G. Noncash Donations

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

H. Compensated Absences

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

12 consecutive month full-time employees:

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

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

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

I. Tax Status

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

J. Cash & Cash Equivalents

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

K. Accounts Receivable

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

L. Deferred Income

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

CLAIBORNE CHURCH OF GOD, INC.
(DBA FAMILY CHURCH)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

Note 2 - Land, Buildings and Equipment

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

	<u>2020</u>	<u>2019</u>
Furniture and Fixtures	\$ 30,482	\$ 243,220
Equipment	928,092	1,059,129
Improvements	1,699,795	1,209,567
Buildings	11,036,787	11,036,788
Vehicles	32,646	145,622
Land	<u>428,074</u>	<u>428,074</u>
Total	14,155,876	14,122,400
<u>Less: Accumulated Depreciation</u>	<u>(6,311,160)</u>	<u>(6,558,719)</u>
<u>TOTAL</u>	<u>\$ 7,844,716</u>	<u>\$ 7,563,681</u>

Note 3 - Financial Instruments

The Church maintains its cash accounts at one federally insured financial institution. The cash accounts are insured by the Federal Deposit Insurance Corporation for up to \$250,000. At June 30, 2020 the Church has cash balances in excess of FDIC insurance limits of approximately \$1,100,000.

Note 4 - Liquidity and Availability

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

Cash and Cash Equivalents	\$ 3,025,560
Current Value of Certificates of Deposit	
Maturing within One Year	532,031
Accounts Receivable	52,048
Grants Receivable	<u>73,096</u>
Total Liquid and Available Assets	<u>\$ 3,682,735</u>

Note 5 - Concentrations of Contributions

For the year ended June 30, 2020, five families accounted for approximately 25.01% of total contributions. These five families accounted for approximately 25.58% of total contributions for the year ended June 30, 2019.

Note 6 - Louisiana Nonpublic Schools Early Childhood Development Program

The School participates in the Louisiana Nonpublic Schools Early Childhood Development Program. The Program is intended to provide at-risk four-year-old children access to high quality, developmentally appropriate prekindergarten classes, and before- and after-school enrichment activities, in either a nonpublic school or "Class A" daycare setting. For the years ended June 30, 2020 and 2019, the School received \$415,406 and \$377,840 respectively in funding for its K4 program.

CLAIBORNE CHURCH OF GOD, INC.
(DBA FAMILY CHURCH)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

Note 7 - Louisiana Department of Education Scholarships for Educational Excellence

The School participates in the Louisiana Department of Education Scholarships for Educational Excellence Program. During the fiscal year 2020 the School had 61 children who received vouchers totaling \$ 352,736. During the fiscal year 2019 the School had 47 children who received vouchers totaling \$296,514.

Note 8 - National School Lunch Program

The School participates in the National School Lunch Program. The Program is intended to reimburse participating public and nonprofit private schools, of high school grade and under and residential childcare institutions, for breakfasts and lunches, meeting the nutritional requirements prescribed by the Secretary of Agriculture, served to eligible children. For the years ended June 30, 2020 and 2019, the School received \$331,120 and \$231,070, respectively in funding for its lunch program.

Note 9 - Louisiana Child Care Assistance Provider (LaCAP)

The School received a grant from the Louisiana Department of Education to ensure that families who are returning to work are able to find child care options for their children. This grant will help support the early childhood field to rehabilitate after COVID-19 and continue offering high-quality care that help to prepare children for kindergarten. For the year ended June 30, 2020, the School received \$112,500 in funding for its child care assistance program.

Note 10 - Note Payable – Payroll Protection Program Loan

During the fiscal year, the Church received a loan of \$782,184 through the Paycheck Protection Program (PPP). This loan was used to help pay salaries and benefits to employees during the COVID-19 global pandemic. Management has reviewed the terms of this loan and believes the loan will be forgiven during the 2020-2021 year.

If that were to not occur, the loan would accrue interest of 1% per year from the date the loan was received and would be payable in 24 months. Payments have been deferred until the loans can be processed for forgiveness.

Note 11 - Donor Restricted Net Assets

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

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

Church Programs \$ 200,779

Note 12 - Reclassifications

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

CLAIBORNE CHURCH OF GOD, INC.
(DBA FAMILY CHURCH)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

Note 13 - Contingencies

The Church is a defendant in a lawsuit arising in the ordinary course of business. As of June 30, 2020, it is not possible to determine if there is a loss potential or what that amount might be. In the opinion of management, the lawsuit will not have a material adverse effect upon the Church's business, financial position, results of operations, or cash flows.

Note 14 - Subsequent Events

Subsequent events have been evaluated through March 9, 2021, 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.



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

Board of Directors of
Claiborne Church of God, Inc.

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Claiborne Church of God, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated March 9, 2021.

Internal Control Over Financial Reporting

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

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.

My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as 2020-01 that I consider to be a significant deficiency.



Board of Directors of
Claiborne Church of God, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Claiborne Church of God, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed 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 finding identified in my audit is described in the accompanying schedule of findings and responses. The Church's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

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

Maxwell CPA, LLC
Monroe, Louisiana
March 9, 2021

CLAIBORNE CHURCH OF GOD, INC.
(DBA FAMILY CHURCH)
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2020

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

2020-01 Separation of Duties

Condition:

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

Criteria:

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

Cause:

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

Effect:

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

Recommendation:

This may be done without hiring more personnel. This situation dictates that the Board remains involved in the financial affairs of the Church to provide oversight and independent review functions. 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.

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, 2020

Internal Control and Compliance Material to the Financial Statements

2019-01 Separation of Duties

Condition:

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

Recommendation:

This may be done without hiring more personnel. This situation dictates that the Board remains involved in the financial affairs of the Church to provide oversight and independent review functions. 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:

Repeated as finding 2020-01.

CLAIBORNE CHURCH OF GOD, INC.
(DBA FAMILY CHURCH)
SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2020

Agency Head

Terry Taylor - Lead Pastor

Salary and Expense Account	\$	-
Housing		-
Benefits - Insurance		-
Car Allowance		-
Travel		-
Conference Travel		-
Other		-
	\$	-

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.