

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

Financial Statements
For the Years Ended June 30, 2019 and 2018



CLAIBORNE CHURCH OF GOD, INC.
(DBA FAMILY CHURCH)
JUNE 30, 2019 AND 2018

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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. (The Church), which comprise the statement of financial position as of June 30, 2019, 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 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 audit. I conducted my audit 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, 2019 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.

Prior Period Financial Statements

The financial statements of Claiborne Church of God, Inc. as of June 30, 2018, were audited by other auditors whose report dated November 2, 2018, expressed an unmodified opinion on those statements.

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 16, 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 December 30, 2019, 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
December 30, 2019

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

| | June 30, | |
|--|---------------|---------------|
| | 2019 | 2018 |
| <u>ASSETS</u> | | |
| Cash and Cash Equivalents | \$ 2,519,731 | \$ 2,545,601 |
| Certificates of Deposit | 517,458 | - |
| Accounts Receivable | 60,856 | 57,237 |
| Accounts Receivable - Grant Funds | 61,866 | 73,766 |
| Land, Buildings and Equipment, Net | 7,563,681 | 7,725,442 |
| <u>TOTAL ASSETS</u> | \$ 10,723,592 | \$ 10,402,046 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| <u>Liabilities</u> | | |
| Accounts Payable | \$ 10,008 | \$ 20,452 |
| Payroll Taxes Payable | 18,121 | 22,743 |
| Deferred Income | 74,970 | 68,296 |
| Total Liabilities | 103,099 | 111,491 |
| <u>Net Assets</u> | | |
| Without Donor Restrictions | | |
| Undesignated | 982,208 | 855,417 |
| Board Designated | 1,957,637 | 1,573,051 |
| Net Investment in Property and Equipment | 7,563,681 | 7,725,442 |
| With Donor Restrictions | | |
| Restricted for Church Programs | 116,967 | 136,645 |
| Total Net Assets | 10,620,493 | 10,290,555 |
| <u>TOTAL LIABILITIES AND NET ASSETS</u> | \$ 10,723,592 | \$ 10,402,046 |

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, | |
|---|----------------------|---------------|
| | 2019 | 2018 |
| <u>Changes in Unrestricted Net Assets</u> | | |
| <u>Revenues and Gains:</u> | | |
| Family Church Revenue | \$ 2,485,985 | \$ 2,816,420 |
| Claiborne Christian School | 1,880,557 | 2,008,471 |
| Claiborne Christian School Sports | 160,852 | 134,862 |
| CCS Preschool | 1,162,104 | 1,113,050 |
| CCS K4 | 643,848 | 589,002 |
| Cafeteria | 362,857 | 341,917 |
| Interest Income | 8,542 | 3,758 |
| Net Assets Released From Restrictions - Satisfaction of Program Restrictions | 244,131 | 346,523 |
| Total Unrestricted Revenues and Gains and Other Support | 6,948,876 | 7,354,003 |
| <u>Expenses</u> | | |
| Family Church | 2,734,487 | 2,719,380 |
| Claiborne Christian School | 2,015,329 | 2,145,030 |
| Claiborne Christian K4 | 561,201 | 542,191 |
| Claiborne Christian Preschool | 944,810 | 911,792 |
| Claiborne Christian Cafeteria | 343,433 | 321,103 |
| Total Expenses | 6,599,260 | 6,639,496 |
| <u>Increase in Unrestricted Net Assets</u> | 349,616 | 714,507 |
| <u>Changes in Temporarily Restricted Net Assets</u> | | |
| Contributions and Revenues | 224,453 | 316,433 |
| Net Assets Released From Restrictions | (244,131) | (346,523) |
| Decrease in Temporarily Restricted Net Assets | (19,678) | (30,090) |
| <u>Increase in Net Assets</u> | 329,938 | 684,417 |
| <u>Net Assets at Beginning of Year</u> | 10,290,555 | 9,606,138 |
| <u>NET ASSETS AT END OF YEAR</u> | \$ 10,620,493 | \$ 10,290,555 |

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, | |
|-------------------------|---------------------|---------------------|-------------------|-------------------|-------------------|----------------------|---------------------|
| | | | | | | 2019 | 2018 |
| Salaries | \$ 1,032,931 | \$ 1,198,147 | \$ 414,947 | \$ 662,616 | \$ 128,866 | \$ 3,437,507 | \$ 3,389,928 |
| Payroll Taxes | 42,105 | 71,383 | 30,219 | 50,393 | 8,975 | 203,075 | 179,815 |
| Employee Benefits | 123,365 | 154,502 | 35,281 | 53,874 | 8,954 | 375,976 | 425,277 |
| Advertising | 6,192 | 8,409 | 3,211 | 6,407 | - | 24,219 | 25,129 |
| Professional Fees | 17,647 | - | - | - | - | 17,647 | 16,050 |
| Training | 581 | 8,567 | 1,960 | 8,937 | 1,100 | 21,145 | 19,711 |
| Insurance | 80,060 | 5,477 | 2,056 | 3,646 | 5,020 | 96,259 | 82,949 |
| Supplies | 55,004 | 102,324 | 18,816 | 18,903 | 190,518 | 385,565 | 429,234 |
| Credit Card Fees | 23,761 | 7,141 | - | 6,948 | - | 37,850 | 35,750 |
| Meetings | 8,454 | - | - | - | - | 8,454 | 7,069 |
| Postage | 3,201 | 1,931 | - | 937 | - | 6,069 | 5,477 |
| Printing | 15,445 | - | 1,990 | - | - | 17,435 | 21,362 |
| Office | 6,690 | 19,558 | - | 7,462 | - | 33,710 | 30,805 |
| Missions | 79,638 | - | - | - | - | 79,638 | 88,536 |
| Ministries | 318,853 | - | - | - | - | 318,853 | 213,180 |
| Repairs and Maintenance | 60,706 | 40,114 | 17,067 | 24,532 | - | 142,419 | 148,826 |
| Lunches | - | - | - | 61,053 | - | 61,053 | 61,447 |
| Miscellaneous | - | 7,975 | 6,650 | - | - | 14,625 | 21,525 |
| Music | - | 1,551 | - | - | - | 1,551 | 1,813 |
| Student Activities | - | 4,340 | 1,800 | - | - | 6,140 | 6,185 |
| Athletics | - | 153,407 | - | - | - | 153,407 | 142,663 |
| Utilities | 80,940 | 63,941 | 27,204 | 39,102 | - | 211,187 | 211,187 |
| Designated Programs | 532,518 | - | - | - | - | 532,518 | 681,508 |
| Depreciation Expense | 246,396 | 166,562 | - | - | - | 412,958 | 394,070 |
| Total | \$ 2,734,487 | \$ 2,015,329 | \$ 561,201 | \$ 944,810 | \$ 343,433 | \$ 6,599,260 | \$ 6,639,496 |

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, | |
|--|----------------------|--------------|
| | 2019 | 2018 |
| <u>Cash Flows From Operating Activities</u> | | |
| Increase in Net Assets | \$ 329,938 | \$ 684,417 |
| Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities: | | |
| Depreciation | 412,958 | 394,070 |
| (Increase) Decrease in Accounts Receivable | (3,619) | (18,115) |
| (Increase) Decrease in Grant Funds Receivable | 11,900 | (42,279) |
| Increase (Decrease) in Accounts Payable | (10,444) | 20,452 |
| Increase (Decrease) in Payroll Taxes Payable | (4,622) | 22,743 |
| Increase (Decrease) in Deferred Revenue | 6,674 | 14,841 |
| Total Adjustments | 412,847 | 391,712 |
| Net Cash Provided by Operating Activities | 742,785 | 1,076,129 |
| <u>Cash Flows From Investing Activities</u> | | |
| Purchases of Equipment | (251,197) | (530,963) |
| Purchases of Certificate of Deposits | (517,458) | - |
| Net Cash Used by Investing Activities | (768,655) | (530,963) |
| <u>Net Increase (Decrease) in Cash and Cash Equivalents</u> | (25,870) | 545,166 |
| <u>Cash and Cash Equivalents at Beginning of Year</u> | 2,545,601 | 2,000,435 |
| <u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u> | \$ 2,519,731 | \$ 2,545,601 |
| Supplemental Disclosure of Cash Flow Information | | |
| 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, 2019 AND 2018

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, 2019 AND 2018

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, 2019 AND 2018

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, 2019 AND 2018

Note 2 - Land, Buildings and Equipment

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

| | <u>2019</u> | <u>2018</u> |
|--------------------------------|---------------------|---------------------|
| Furniture and Fixtures | \$ 243,220 | \$ 243,220 |
| Equipment | 1,059,129 | 849,013 |
| Improvements | 1,209,567 | 1,081,659 |
| Buildings | 11,036,788 | 11,036,788 |
| Vehicles | 145,622 | 145,622 |
| Construction in Progress | - | 86,826 |
| Land | <u>428,074</u> | <u>428,074</u> |
| Total | 14,122,400 | 13,871,202 |
| | | |
| Less: Accumulated Depreciation | (6,558,719) | (6,145,760) |
| <u>TOTAL</u> | <u>\$ 7,563,681</u> | <u>\$ 7,725,442</u> |

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 - 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 | \$ 2,402,764 |
| Current Value of Certificates of Deposit | |
| Maturing within One Year | 517,458 |
| Accounts Receivable | 60,856 |
| Grants Receivable | <u>61,866</u> |
| | |
| Total Liquid and Available Assets | <u>\$ 3,042,944</u> |

Note 5 - Concentrations of Contributions

For the year ended June 30, 2019, five families accounted for approximately 25.58% of total contributions. These five families accounted for approximately 27.04% of total contributions for the year ended June 30, 2018.

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, 2019 and 2018, the School received \$377,840 and \$410,826 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, 2019 AND 2018

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 2019 the School had 47 kids who received vouchers totaling \$ 296,514. During the fiscal year 2018 the School had 48 kids who received vouchers totaling \$287,308.

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, 2019 and 2018, the School received \$231,070 and \$209,708, respectively in funding for its lunch program.

Note 9 - Temporarily Restricted Net Assets

Contributions that are restricted by the donor are reported as increases in unrestricted 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 \$ 244,131

Note 10 - 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.

Note 11 - Contingencies

The Church is a defendant in a lawsuit arising in the ordinary course of business. 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 12 - Subsequent Events

The Church begin renovations to the Church offices subsequent year end. This project is budgeted to cost approximately \$310,000 and they expect the project to be completed in the next fiscal year.

Subsequent events have been evaluated through December 30, 2019, 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., which comprise the statement of financial position as of June 30, 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 December 30, 2019.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Claiborne Church of God, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of Claiborne Church of God, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 were not 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 that I consider to be a significant deficiency and is described in the accompanying schedule of findings and responses as 2019-01.



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 determination of financial statement amounts. 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
December 30, 2019

CLAIBORNE CHURCH OF GOD, INC.
(DBA FAMILY CHURCH)
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019

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

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.

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, 2019

Internal Control and Compliance Material to the Financial Statements

18-1 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.

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 2019-01.

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, 2019

Agency Head

Michael D. O'Neal - Lead Pastor

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.



INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Claiborne Church of God and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by the Claiborne Church of God (Church) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Church's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Payroll and Personnel

1. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Findings: No exceptions noted.

2. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #1 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Findings: No exceptions noted.



3. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Findings: No exceptions noted.

4. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Findings: I obtained management's representation.

Other

5. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Findings: The Church did not have any misappropriations of public funds and assets during the fiscal period. This testing is not applicable.

6. Observe that the entity has posted on its premises¹ and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.²

Findings: No exceptions noted.

Management's Response

We concur with the results of the procedures.

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Maxwell CPA, LLC

Monroe, Louisiana

December 30, 2019

¹ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs.

² This notice is available for download or print at www.la.la.gov/hotline.