

**Henning Memorial United Methodist Childcare**

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**FINANCIAL REPORT  
(Reviewed)**

**December 31, 2022**

HENNING MEMORIAL UNITED METHODIST CHILDCARE

Sulphur, Louisiana

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**INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

To Management of  
Henning Memorial United Methodist Childcare  
Sulphur, Louisiana

We have reviewed the accompanying financial statements of Henning Memorial United Methodist Childcare (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets - cash basis as of December 31, 2022, and the related statement of revenues, expenses, and other changes in net assets - cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for 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.

**Accountants' Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Henning Memorial United Methodist Childcare and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

**Accountants' Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the cash basis of accounting.

**Basis of Accounting**

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

*McClary Quirk & Bunch*

Lake Charles, Louisiana  
July 13, 2023

**Henning Memorial United Methodist Childcare**  
**STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - CASH BASIS**  
**December 31, 2022**

**ASSETS**

**CURRENT ASSETS**

Due from Henning Memorial United Methodist Church \$ 162,767

**Total Current Assets** 162,767

**TOTAL ASSETS** \$ 162,767

**LIABILITIES AND NET ASSETS**

**NET ASSETS**

With donor restrictions \$ -

Without donor restrictions 162,767

**Total Net Assets** 162,767

**TOTAL LIABILITIES AND NET ASSETS** \$ 162,767

See accompanying notes and Independent Accountants' Review Report

**Henning Memorial United Methodist Childcare**  
**STATEMENT OF REVENUE, EXPENSES,**  
**AND OTHER CHANGES IN NET ASSETS - CASH BASIS**  
**For the year ended December 31, 2022**

	<b>Without Donor <u>Restrictions</u></b>	<b>With Donor <u>Restrictions</u></b>	<b><u>Total</u></b>
<b>Revenue, Support, and Gains</b>			
Tuition	\$ 346,250	\$ -	\$ 346,250
Childcare Assistance Program	117,102	-	117,102
Grant Revenue	-	267,699	267,699
Other	5,100	-	5,100
<b>Total Revenue and Gains</b>	<u>468,452</u>	<u>267,699</u>	<u>736,151</u>
Net Assets Released from Restrictions	<u>267,699</u>	<u>(267,699)</u>	<u>-</u>
<b>Total Revenue, Support, and Gains</b>	736,151	-	736,151
<b>Expenses</b>			
Staff Compensation and Benefits	421,641	-	421,641
Other Staff Expenses	14,332	-	14,332
Food	41,007	-	41,007
Supplies	40,696	-	40,696
Maintenance	94,383	-	94,383
Office	267	-	267
<b>Total Expenses</b>	<u>612,326</u>	<u>-</u>	<u>612,326</u>
<b>Increase (Decrease) in Net Assets</b>	123,825	-	123,825
 <b>Net Assets at Beginning of Year</b>	 <u>38,942</u>	 <u>-</u>	 <u>38,942</u>
 <b>Net Assets at End of Year</b>	 <u>\$ 162,767</u>	 <u>\$ -</u>	 <u>\$ 162,767</u>

See accompanying notes and Independent Accountants' Review Report

## Henning Memorial United Methodist Childcare

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

#### NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Henning Memorial United Methodist Childcare (the Day Care) is presented to assist in understanding the Day Care's financial statements.

##### Nature of organization

Henning Memorial United Methodist Childcare is a branch of Henning Memorial United Methodist Church (the Church), organized as a not-for-profit organization with the State of Louisiana in 1955. The Day Care's purpose is to provide a Christian environment that nurtures a child's spiritual life and manifests itself in a child's own self-worth and the self-worth of others as children of God, security, self-discipline, and creativity. The Day Care is an additional outlet for the Church to spread Christianity throughout the community.

##### Basis of Accounting

The financial statements are prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Under GAAP, transactions are recorded in the accounts when revenues are earned and liabilities are incurred. Under the cash basis, certain revenues and the related assets are recognized when received rather than when earned, and expenses and the purchase of assets are recognized when paid rather than when the obligation is incurred. Consequently, the Day Care has not recognized receivables from various agencies and members or accounts payable to vendors and their related effects on earnings in the accompanying financial statements.

##### Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to the following net asset categories:

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the board of directors.

Net Assets with Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature: those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

See Independent Accountants' Review Report

### Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Due from Henning Memorial United Methodist Church

The Day Care operates as a branch of the Church. The Day Care operates from a shared checking account with the Church. Cash received and disbursed on behalf of the daycare is recorded in the Day Care Fund. The fund balance of the Day Care, represented as due from Henning Memorial United Methodist Church, amounted to \$162,767 as of December 31, 2022.

### Revenue Recognition

Tuition and grant revenue is recorded when received. Revenue that is restricted is reported as increases in net assets without donor restrictions if the restriction expires in the fiscal year in which the contributions are recognized. All other restricted revenue is reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Tuition is paid weekly or monthly as specified in the attendance agreement. Tuition rates vary depending on attendance – full day or half day and days of the week. Discounts are offered for multi-child families.

Childcare Assistance Program funds are received from the Louisiana Department of Education for qualifying tuition assistance based on eligibility requirements.

American Rescue Plan Act (ARPA) Stabilization Grants and Louisiana Child Care Assistance Provider (LaCAP) grant relief funds were issued to assist childcare providers in response to issues arising as a result of COVID 19. The grants were paid based on the Day Care's licensed capacity. The funds can be used to recover past financial losses and to pay for current operating expenses. The Day Care received \$262,699 of American Rescue Plan Act Stabilization Grants to be spent on operating expenses and is included as restricted revenue for the year ending December 31, 2022.

COVID 19 relief grant funds were received from the Calcasieu Parish School Board totaling \$5,000 for the year ending December 31, 2022.

### Tax Exempt Status

As a branch of the United Methodist Church, the Day Care is exempt from federal income taxes under Internal Revenue Code 501(c)(3). Unrelated business income, of which there was none for the year ended December 31, 2022, would be subject to federal income taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

### Property and Equipment

Property and equipment costs are expensed when purchased.

See Independent Accountants' Review Report

**NOTE B COVID-19 PANDEMIC**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of any countries. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, while this may negatively impact the Day Care's operating results, the related financial impact and duration cannot be reasonably estimated at this time.

**NOTE C RESTRICTIONS ON NET ASSETS**

All donor restrictions on net assets were met during the year ending December 31, 2022. There were no restricted assets as of December 31, 2022.

**NOTE D LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Day Care regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The following reflects the Day Care's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets available to meet cash needs for general expenditures within one year:

Due from Henning Memorial United Methodist Church	<u>\$162,767</u>
Financial assets at year-end	162,767
Less those unavailable for general expenditures within one year due to:	
Donor-restricted to program related expenditures	_____ -
Financial assets available to meet cash needs for general expenditure within one year	<u>\$162,767</u>

**NOTE E RELATED PARTIES**

The Day Care operates as a branch of the Church. The Day Care operates from a shared checking account with the Church. Cash received and disbursed on behalf of the daycare is recorded in the Day Care Fund. The fund balance of the Day Care, represented as due from Henning Memorial United Methodist Church, amounted to \$162,767 as of December 31, 2022.

See Independent Accountants' Review Report

The Day Care facility is owned by the Church. The Day Care does not pay rent, but funds a portion of the utilities paid on their behalf. These financial statements include \$10,180 in utilities expense paid on behalf of the Day Care.

On August 27, 2020, Hurricane Laura made landfall and caused extensive damages to the Day Care and Church facilities. The facilities are insured by the Church and the settlement funds were used to completely restore the Day Care facilities. The Day Care spent \$64,111 in repairs and replacements, mostly consisting of new playground equipment. The remaining repairs and replacements were paid by the Church.

**NOTE F      COMPENSATED ABSENCES**

Annual leave is available to year-round employees for a maximum of 3 weeks per year depending on the number of years of service. After one full year of service, employees are given 5 paid personal days off. Annual and sick leave is expensed when paid. All leave is non-cumulative.

**NOTE G      CONCENTRATIONS**

The Day Care maintains its cash accounts in a shared bank account with the Church in a commercial bank. Accounts at the commercial bank are insured by the FDIC insurance up to \$250,000. As of December 31, all cash balances were insured.

The Day Care receives a substantial amount of support from the Church. A significant reduction in this support, if it were to occur, would affect the Day Care's programs and activities.

**NOTE H      DEFINED BENEFIT PLAN**

The Day Care Director participates in a Defined Benefit Plan as a full-time employee of the Church. The employer contributions are 3% of plan compensation and the Day Care funds their allocated costs of the Church. Total plan contributions for the year ending December 31, 2022 were \$1,058. Church plan status exempts the Plan from certain provisions of the Employee Retirement Security Act of 1974.

**NOTE I      SUBSEQUENT EVENTS**

Subsequent events have been evaluated through July 13, 2023, which is the date the financial statements were available to be issued.

See Independent Accountants' Review Report

Henning Memorial United Methodist Childcare

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD  
Year ended December 31, 2022

AGENCY HEAD NAME: Lois Welch, Executive Director

<u>PURPOSE</u>	<u>AMOUNT</u>
Salary	\$ 40,909
Benefits - Retirement	1,058
Other	<u>125</u>
Total	\$ 42,092

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**Henning Memorial United Methodist Childcare**

**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

**December 31, 2022**

INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To Henning Memorial United Methodist Childcare  
Sulphur, Louisiana, and the  
Louisiana Legislative Auditor:

We have performed the procedures included in the *Louisiana Governmental Audit Guide*, enumerated below, which were agreed to by the management of Henning Memorial United Methodist Childcare, the Legislative Auditor, and applicable federal and state grantor agency/agencies solely to assist the users in evaluating management's assertions about Henning Memorial United Methodist Childcare's compliance with the certain laws and regulations for the year ended December 31, 2022 included in the accompanying Louisiana Attestation Questionnaire. Management of Henning Memorial United Methodist Childcare is responsible for its financial records and compliance with applicable laws and regulations.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and applicable provisions of Government Auditing Standards, published by the United States Comptroller General. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we 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.

With respect to your representations relating to the federal, state, and local awards compliance, as of December 31, 2022, and for the year then ended, we applied the following agreed-upon procedures:

*Federal, State, and Local Awards*

1. Determine the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

Henning Memorial United Methodist Childcare was awarded four grants during the year ended December 31, 2022, as follows:

<u>Grant Description</u>	<u>Amount Expended</u>
American Rescue Plan	\$ 226,299
Child Care Assistance Program	117,102
DC Teach Bonus Grant	36,400
CPSB Work Incentive	<u>5,000</u>
 Total	 <u>\$ 384,801</u>

2. For each federal, state, and local award, we performed the following procedures:

We randomly selected six disbursements from each of the awards administered during the period under examination and traced the disbursements to supporting documentation as to the proper approval procedures, amounts, payees, and appropriate coding. No exceptions were noted.

3. We compared the grant agreement requirements to the selected disbursements to review that the expenses were in compliance with the requirements of the grant agreement. No exceptions were noted.
4. The open meetings law is not applicable to Henning Memorial United Methodist Childcare.
5. For all grants exceeding five thousand dollars, the grantee is required to provide the grantor with a comprehensive budget.

The grant awards listed in Procedure No. 1 above provided a comprehensive budget within each agreement that included the purpose and durations, specific goals, objectives, and measures of performance. Based on our review of the grant agreements, the grants comply with federal and state laws and regulations in terms of budget, purpose, and duration.

6. Henning Memorial United Methodist Childcare did not provide for a timely report in accordance with R.S. 24:513.
7. Henning Memorial United Methodist Childcare did not make any purchases under the grants that were applicable to the Louisiana Public Bid Law.
8. There were no recommendations or comments in prior year.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of Henning Memorial United Methodist Childcare, the Legislative Auditor (State of Louisiana), and the applicable federal/state/local grantor agency/agencies and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*Ms. Tracy Quil - Beach*

Lake Charles, Louisiana  
July 13, 2023

**LOUISIANA ATTESTATION QUESTIONNAIRE**  
**(For Attestation Engagements of Quasi-Public Agencies)**

Dear Chief Executive Officer:

Attached is the Louisiana Attestation Questionnaire that is to be completed by you or your staff. This questionnaire is a required part of the review/attestation engagement of Louisiana quasi-public agencies. The completed and signed questionnaire must be presented to and adopted by the governing body, if any, of your organization by means of a formal resolution in an open meeting.

The completed and signed attestation questionnaire and a copy of the adoption instrument, if appropriate, **must be given to the independent certified public accountant at the beginning of the engagement.** The CPA will, during the course of his/her engagement, perform certain agreed-upon procedures to the responses in the questionnaire. It is not necessary to return the questionnaire to the Legislative Auditor's office.

Certain portions of the questionnaire may not be applicable to your organization. In such cases, it is appropriate to mark the representation "not applicable." However, you must respond to each applicable representation. A 'yes' answer indicates that you have complied with the applicable law or regulation. A 'no' answer to any representation indicates a possible violation of law or regulation and, as such, should be fully explained. These matters will be reviewed by the CPA during the course of his/her engagement. Please feel free to attach a further explanation of any representation.

Your cooperation in this matter will be greatly appreciated.

Sincerely,

Michael J. Waguespack, CPA  
Louisiana Legislative Auditor

**LOUISIANA ATTESTATION QUESTIONNAIRE**  
**(For Attestation Engagements of Quasi-public Agencies)**

12/31/22 (Date Transmitted)

McElroy, Quirk, & Burch \_\_\_\_\_ (CPA Firm Name)

800 Kirby Street \_\_\_\_\_ (CPA Firm Address)

Lake Charles, LA 70602 \_\_\_\_\_ (City, State Zip)

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of 12/31/22 (date) and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

**Federal, State, and Local Awards**

We have detailed for you the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

Yes  No  N/A

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and local grantor officials.

Yes  No  N/A

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes  No  N/A

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes  No  N/A

**Open Meetings**

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law). **Note: Please refer to Attorney General Opinion No. 13-0043 and the guidance in the publication "Open Meeting FAQs," available on the Legislative Auditor's website to determine whether a non-profit agency is subject to the open meetings law.**

Yes  No  N/A

**Budget**

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes  No  N/A

**Reporting**

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes  No  N/A

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2), and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes  No  N/A

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes  No  N/A

We have complied with R.S. 24:515.2 regarding reporting of pre- and post- adjudication court costs, fines and fees assessed or imposed; the amounts collected; the amounts outstanding; the amounts retained, the amounts disbursed, and the amounts received from disbursements.

Yes  No  N/A

#### **Prior-Year Comments**

We have resolved all prior-year recommendations and/or comments.

Yes  No  N/A

#### **General**

We acknowledge that we are responsible for the Agency's compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes  No  N/A

We acknowledge that we are responsible for determining that the procedures performed are appropriate for the purposes of this engagement.

Yes  No  N/A

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes  No  N/A

We have provided you with all relevant information and access under the terms of our agreement.

Yes  No  N/A

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes  No  N/A

We are not aware of any material misstatements in the information we have provided to you.

Yes  No  N/A

We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others concerning noncompliance with the foregoing laws and regulations, including communications received during the period under examination; and will disclose to you any such communication received between the end of the period under examination and the date of your report.

Yes  No  N/A

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies all known noncompliance and other events subsequent to the date of this representation and the date of your report that could have a material effect on our compliance with laws and regulations and the internal controls with such laws and regulations, or would require adjustment or modification to the results of the agreed-upon procedures.

Yes  No  N/A

The previous responses have been made to the best of our belief and knowledge

_____	Secretary	_____	Date
<i>[Signature]</i>	Treasurer	<i>6-20-23</i>	Date
<i>Stephane Desjardins</i>	President	<i>6-21-23</i>	Date

*Interim Executive Director*