

**FAMILIES HELPING FAMILIES  
OF SOUTHWEST LOUISIANA, INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**Year Ended June 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Families Helping Families of  
Southwest Louisiana, Inc.  
Lake Charles, Louisiana

**Report on the Financial Statements**

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

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

Management is responsible for the preparation and fair presentation of 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***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

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

## ***Other Matters***

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits and Other Payments is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2021, on our consideration of Families Helping Families of Southwest Louisiana, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Families Helping Families of Southwest Louisiana, Inc.'s internal control over financial reporting and compliance.

## **Report on Summarized Comparative Information**

We have previously audited Families Helping Families of Southwest Louisiana, Inc.'s June 30, 2020 financial statements, and our report dated January 26, 2021, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana  
November 24, 2021

**Families Helping Families of Southwest Louisiana, Inc.**

**STATEMENT OF FINANCIAL POSITION**

**June 30, 2021  
with comparative totals for 2020**

**ASSETS**

	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 419,007	\$ 239,067
Beneficial interest in the assets held by the Community Foundation of SWLA	74,475	61,430
Insurance recoveries receivable	193,268	-
Grants receivable	34,081	20,289
Contracts receivable	31,783	22,150
Prepaid insurance	6,803	6,392
Total current assets	<u>759,417</u>	<u>349,328</u>
<b>PROPERTY AND EQUIPMENT</b>		
Furniture and equipment	23,900	44,656
Library	5,679	6,676
Building	-	67,728
Building improvements	176,933	204,595
	<u>206,512</u>	<u>323,655</u>
Less accumulated depreciation	<u>(90,753)</u>	<u>(157,453)</u>
Net property and equipment	<u>115,759</u>	<u>166,202</u>
<b>OTHER ASSETS</b>		
Investments	174,039	257,061
Deposits	350	350
Total other assets	<u>174,389</u>	<u>257,411</u>
<b>Total Assets</b>	<u>\$ 1,049,565</u>	<u>\$ 772,941</u>

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

**Families Helping Families of Southwest Louisiana, Inc.**

**STATEMENT OF FINANCIAL POSITION**

**June 30, 2021  
with comparative totals for 2020**

**LIABILITIES**

	<u>2021</u>	<u>2020</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 35,306	\$ 4,513
Accrued liabilities	12,586	9,576
Current portion of note payable	2,327	-
Total current liabilities	<u>50,219</u>	<u>14,089</u>
<b>LONG TERM LIABILITIES</b>		
Note payable - net of current portion	69,183	71,510
Total long term liabilities	<u>69,183</u>	<u>71,510</u>
Total liabilities	<u>119,402</u>	<u>85,599</u>
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	855,688	625,912
Designated by Board for Community Foundation		
Investment	74,475	61,430
Total without donor restrictions	<u>930,163</u>	<u>687,342</u>
Total net assets	<u>930,163</u>	<u>687,342</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 1,049,565</u>	<u>\$ 772,941</u>

**Families Helping Families of Southwest Louisiana, Inc.**

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2021  
with comparative totals for 2020**

	<b>2021</b>			<b>2020</b>
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Governmental Grants	\$ -	\$ 282,655	\$ 282,655	\$ 281,835
Contract fees	-	152,902	152,902	147,572
Contributions	-	74,795	74,795	33,432
Fund-raising/special events	2,842	-	2,842	22,653
Miscellaneous income	9,420	-	9,420	11,320
Investment income	2,812	-	2,812	7,894
Unrealized gain (loss) on investments	12,124	-	12,124	1,974
PPP loan forgiveness	71,510	-	71,510	-
Insurance recoveries	215,528	-	215,528	-
<b>Total revenues and gains</b>	<u>314,236</u>	<u>510,352</u>	<u>824,588</u>	<u>506,680</u>
Net assets released from restrictions	510,352	(510,352)	-	-
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<u>824,588</u>	<u>-</u>	<u>824,588</u>	<u>506,680</u>
<b>EXPENSES AND LOSSES</b>				
Program service	443,378	-	443,378	447,294
Management and general	70,337	-	70,337	48,760
Fund-raising	4,556	-	4,556	4,911
Loss on building impairment	63,496	-	63,496	-
<b>TOTAL EXPENSES AND LOSSES</b>	<u>581,767</u>	<u>-</u>	<u>581,767</u>	<u>500,965</u>
<b>CHANGE IN NET ASSETS</b>	242,821	-	242,821	5,715
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>687,342</u>	<u>-</u>	<u>687,342</u>	<u>681,627</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 930,163</u>	<u>\$ -</u>	<u>\$ 930,163</u>	<u>\$ 687,342</u>

**Families Helping Families of Southwest Louisiana, Inc.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the year ended June 30, 2021  
with comparative totals for 2020**

	Program	Management	Fund	Total	
	Services	and General	Raising	Services	
	2021			2021	2020
Advertising and promotion	\$ -	\$ -	\$ -	\$ -	\$ 2,053
Books and subscriptions	89	10	-	99	223
Client/project services	4,339	-	-	4,339	10,850
Conferences and forums	141	9	-	150	1,429
Insurance	15,591	1,732	-	17,323	16,109
Investment fees	747	82	-	829	711
Membership dues	391	44	-	435	435
Miscellaneous	414	45	-	459	619
Office expense and supplies	8,532	948	-	9,480	7,040
Payroll taxes	26,555	1,695	-	28,250	27,561
Postage and shipping	2,300	256	-	2,556	3,203
Printing and publications	835	93	-	928	1,670
Professional fees	7,898	877	-	8,775	8,500
Occupancy	2,533	282	1,884	4,699	3,285
Repairs and maintenance	6,974	775	-	7,749	9,054
Repairs - hurricane and flooding	-	39,250	-	39,250	-
Salaries and wages	339,576	20,144	-	359,720	346,456
Special events	-	1,800	-	1,800	20,259
Staff development	-	-	-	-	2,300
Supplies	5,549	-	2,672	8,221	11,038
Telephone	9,430	1,048	-	10,478	8,076
Travel and transportation	82	1	-	83	7,626
Utilities	3,580	396	-	3,976	3,825
Total before depreciation and other expense	435,556	69,487	4,556	509,599	492,322
Depreciation expense	7,822	850	-	8,672	8,643
<b>TOTAL EXPENSES</b>	<b>\$ 443,378</b>	<b>\$ 70,337</b>	<b>\$ 4,556</b>	<b>\$ 518,271</b>	<b>\$ 500,965</b>

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



**Families Helping Families of Southwest Louisiana, Inc.**

**STATEMENT OF CASH FLOWS**

**Year Ended June 30, 2021  
with comparative totals for 2020**

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 242,821	\$ 5,715
Adjustments to reconcile change in net assets to net cash provided by (used) by operating activities		
Depreciation	8,672	8,643
(Increase) decrease in operating assets		
Grants/contracts receivable	(23,425)	21,379
Prepaid expenses	(411)	167
Increase (decrease) in operating liabilities		
Accounts payable	30,793	(1,790)
Accrued expenses	3,010	(6,288)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>261,460</b>	<b>27,826</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, equipment and improvements	(21,725)	(7,200)
Building impairment	(129,772)	-
Reinvestment in Community Foundation assets	(13,045)	(1,264)
Reinvestment in certificate of deposits	-	(68,371)
Proceeds from the maturity of certificate of deposits	83,022	59,961
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(81,520)</b>	<b>(16,874)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
PPP loan forgiveness	(71,510)	-
Proceeds from long-term debt	71,510	71,510
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>-</b>	<b>71,510</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>179,940</b>	<b>82,462</b>
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<b>239,067</b>	<b>156,605</b>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<b>\$ 419,007</b>	<b>\$ 239,067</b>

**Families Helping Families of Southwest Louisiana, Inc.**

**Notes to Financial Statements  
June 30, 2021**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Families Helping Families of Southwest Louisiana, Inc. have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

1. Organization and Purpose

Families Helping Families of Southwest Louisiana, Inc. was established in Lake Charles, Louisiana in 1991 as part of a statewide network of family resource centers. The center serves not only Calcasieu Parish, but also Allen, Beauregard, Cameron and Jeff Davis parishes. The Organizations throughout the state are not-for-profit organizations designed to offer information and resources including referrals, education and training and peer-to-peer support to individuals and family members of individuals with special needs.

The Organization is funded by donations and personal contributions, fundraisers, and various grants and contracts from the State of Louisiana and community organizations.

2. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) Topic, *Financial Statements of Not-for-Profit Organizations*. In accordance with this guidance, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

3. Cash and Cash Equivalent

For purposes of the Statements of Cash Flows, the Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Families Helping Families of Southwest Louisiana, Inc.**

**Notes to Financial Statements  
June 30, 2021**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**5. Property and Equipment**

Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as donor restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies donor restricted net assets to net assets without donor restrictions at that time. No restrictions have been placed on assets donated to the Organization.

Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Depreciation expense for the year ended June 30, 2021 is \$8,672.

The useful lives of fixed assets for purposes of computing depreciation are:

Furniture, fixtures and equipment	5 – 10 Years
Buildings	40 Years
Improvements	20 – 40 Years
Library	5 Years

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations. The Organization follows the practice of capitalizing all expenditures for all property and equipment in excess of \$1,000.

**6. Comparative Totals**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

**Families Helping Families of Southwest Louisiana, Inc.**

**Notes to Financial Statements  
June 30, 2021**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

7. Net Assets

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 certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets available subject to donor-imposed or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that 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.

The Organizations report contributions restricted by donors 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 and reported in the statements of activities as net assets released from restrictions.

8. Concentration of Revenue and Support

The Organization receives funding primarily from grants and contracts from the State of Louisiana Department of Health and Hospitals, State Department of Education, and State Department of Social Services. If funding from these Departments were no longer available to the Organization, the operations of the Organization could be adversely impacted.

9. Contributed Goods and Services

During the year ended June 30, 2021, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

**Families Helping Families of Southwest Louisiana, Inc.**

**Notes to Financial Statements  
June 30, 2021**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**10. Revenue Recognition**

In May 2014, the Financial Accounting Standards Board (“FASB”) issued ASU 2014-09, Revenue from Contracts with Customers, or Accounting Standards Codification Topic 606 (“ASC 606”), which supersedes the revenue recognition requirements in ASC 605, Revenue Recognition (“ASC 605”). This literature is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The accounting guidance also requires additional disclosure regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts including significant judgements and changes in judgements, as well as assets recognized from costs incurred to obtain or fulfill a contract. On July 1, 2020, the Organization adopted ASC 606 and was applied to all contracts on a modified retrospective method.

We have analyzed the provisions of the FASB’s ASC Topic 606, Revenue from Contracts with Customers, and have concluded that no material changes are necessary to conform with the new standard. Contract fee revenues are recognized over the time in which the support performance obligations are met. Contract payments are made the following month after billing and support performance documents have been submitted to contractor. Expenses are recognized in the period incurred in accordance with the accrual basis of accounting. Fundraising revenues representing reciprocal transfers (exchange transactions) are recognized when the performance obligation is satisfied. The Organization’s estimate of the transaction price is determined based on the cost expended to provide such goods or services.

The following table presents the Organization’s net revenue disaggregated based on the revenue source:

<u>For the year ended December 31,</u>	<u>2021</u>
Contract fee income	\$ 152,902
Fundraising event exchange transactions	2,842
Total revenue from contracts with customers	<u>\$ 155,744</u>

**NOTE B - FAIR VALUES OF FINANCIAL INSTRUMENTS**

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at June 30, 2021, do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange. The recorded values of cash and cash equivalents, insurance recoveries receivable, grants receivable, contract receivable, prepaid insurance, accounts payable and accrued liabilities approximate their fair values based on their short-term nature. The recorded values of notes payable approximate their fair value, as interest is insignificant.

**Families Helping Families of Southwest Louisiana, Inc.**

**Notes to Financial Statements  
June 30, 2021**

**NOTE C – BENEFICIAL INTEREST IN ASSETS**

During 2015, the Board of Directors designated and the Organization transferred \$50,000 of assets to the Community Foundation of Southwest Louisiana (the “Foundation”) which is holding them as an endowed component fund (“Fund”) for the benefit of non-related charitable organizations. The Organization has granted the Foundation variance power which gives the Foundation’s Board of Trustees the power to use the Fund for the Foundation’s charitable purposes. The Fund is subject to the Foundation’s investment and spending policies which currently result in a distribution of 5% of the Fund as of the end of each calendar quarter. Any distributions from the Fund cannot cause the fair value of the Fund to drop below its Historic Dollar Value of \$50,000. The Organization has the ability to request termination of this agreement at any time. Upon termination the remainder of these funds would be return to Families Helping Families of Southwest Louisiana. The Community Foundation of Southwest Louisiana charges a 0.25% quarterly administrative fee.

Changes in the Fund for the year ended June 30, 2021 are as follows:

<b>Balance at July 1, 2020</b>	\$ 61,430
Amounts invested in the Fund	-
Share of appreciation of Fund	12,124
Income from investments	1,750
Administration fees	(829)
Distributions made from Fund	-
<b>Balance at June 30, 2021</b>	<u>\$ 74,475</u>

The summary of changes in fair value of the beneficial interest in the assets held by the Community Foundation of SWLA has been prepared to reflect the activity in the same categories as those provided by the Community Foundation of SWLA. Net investment performance includes realized and unrealized gains (losses) on investments, investment income, and administrative fees and is included in the respective line items of investment income and unrealized gain (loss) on investments in the accompanying statement of activities. Typically, distributions decrease the Organization’s respective financial asset and increase cash at the time of distribution.

**NOTE D – INVESTMENTS**

The Organization applies GAAP for fair value measurements of financial assets that are recognized at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair market hierarchy are as follows:

**Families Helping Families of Southwest Louisiana, Inc.**

**Notes to Financial Statements  
June 30, 2021**

**NOTE D – INVESTMENTS (Continued)**

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.

Level 2 inputs are inputs (other than quoted prices in Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available).

*Beneficial interest in assets held by the Community Foundation of SWLA:* The fair value of the Organization's beneficial interest in assets held by the Community Foundation of SWLA is based on the fair value of fund investments as reported by the Community Foundation of SWLA. These are considered to be level 3 investments. See Note C for a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (level 3) for the year ending June 30, 2021.

As of June 30, 2021, the Organization's investments measured on a recurring basis consisted of investments with fair market value and cost bases as follows:

	Cost	Fair Value	Unrealized Gain (Loss)
Certificate of Deposit Investments (Level 2 Observable Inputs)	\$ 174,039	\$ 174,039	\$ -0-
Beneficial Interest in Assets (Level 3 Unobservable Inputs)	\$ 55,071	\$ 74,475	\$ 19,404

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with various investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported on the financial statements.

**NOTE E - FUNCTIONAL ALLOCATION OF EXPENSES**

Expenses were allocated in the accompanying financial statements to program and support services functional expense groups. The methods of allocation were based on the Organization's estimates of the relative proportion of various staff members' time and effort between program and support services as well as the Organization's estimates of the amount of each expense utilized for program or support service functions.

**Families Helping Families of Southwest Louisiana, Inc.**

**Notes to Financial Statements  
June 30, 2021**

**NOTE F – LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Organization has \$484,871 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of substantially cash of \$419,007, grants receivable of \$34,081 and contracts receivable of \$31,783. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. The Organization has a goal to maintain financial assets which consist of cash on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$80,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, the Organization deposits cash in excess of daily requirements in certificate of deposit investments.

**NOTE G - INCOME TAXES**

Families Helping Families of Southwest Louisiana, Inc. was incorporated under the laws of the State of Louisiana. The Organization is operated exclusively for charitable services and has qualified for the exemption from Federal income taxes under Section 501 (c) (3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509 (a) of the Code. Families Helping Families of Southwest Louisiana, Inc. is required to file the applicable Form 990, *Return of Organization Exempt from Income Tax*. Returns are subject to examination by the IRS, generally for three years after they are filed.

**NOTE H - COMPENSATED ABSENCES**

Employees of Families Helping Families of Southwest Louisiana, Inc. are entitled to paid vacation and personal days off depending on job classification, length of service and other factors. The value of these compensated absences is calculated based on the employee's pay rate at the end of the year. Accrued compensated absences totaled \$8,533 at June 30, 2021.

**NOTE I - LEASES**

On March 27, 2018, the Organization entered into a sixty-three (63) month operating lease agreement for its copier from Marlin Leasing. The monthly lease payment is \$206 per month, plus applicable taxes and fees. Total lease expense for the year ended June 30, 2021 equaled \$2,642. Future minimum payments by year as of June 30, 2021 are as follows:

Year Ending	Copier Lease
June 30, 2022	\$ 2,472
June 30, 2023	213
Total	<u>\$ 2,685</u>



**Families Helping Families of Southwest Louisiana, Inc.**

**Notes to Financial Statements  
June 30, 2021**

**NOTE J - CONCENTRATION OF RISK**

Families Helping Families of Southwest Louisiana, Inc. maintains cash balances at several financial institutions located in Southwest Louisiana. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2021, the Organization's uninsured cash balances total \$26,358. The Organization deposits its cash with high quality financial institutions, and management believes the organization is not exposed to significant credit risk on those amounts.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of investments, grants receivable and contracts receivable. Grants and contracts receivable are principally with departments of the State of Louisiana for services performed. The Organization considers these amounts collectible and is reported at net realizable value.

**NOTE K - SUBSEQUENT EVENT**

The Organization evaluated its June 30, 2021 financial statements for subsequent events through the date of the audit report, the date the financial statements were available to be issued. The Organization is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

**NOTE L - NOTE PAYABLE**

The Organization has one note payable as of June 30, 2021:

Paycheck Protection Program (PPP) note payable dated February 21, 2021, in the amount of \$71,510; matures on February 21, 2026, bearing fixed interest of 1.00%. Principal and interest begin ten months after loan origination date. The note may only be used for payroll costs, costs used to continue group healthcare benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before March 2, 2021. The Organization intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan maybe forgiven if they are used for qualifying expenses as described in the CARES Act.

	<u>\$ 71,510</u>
Total debt	71,510
Less: current portion	<u>(2,327)</u>
Long-term debt	<u>\$ 69,183</u>

Maturities of debt are as follows:

<u>June 30:</u>	<u>Amount</u>
2022	\$ 2,327
2023	14,041
2024	14,182
2025	14,324
2026	14,468
Thereafter	<u>12,168</u>
Total	<u>\$ 71,510</u>

**Families Helping Families of Southwest Louisiana, Inc.**

**Notes to Financial Statements  
June 30, 2021**

**NOTE L - NOTE PAYABLE (Continued)**

During the fiscal year ended June 30, 2020, the Organization received a loan in the amount of \$71,510 from the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. During fiscal year ending June 30, 2021, the Organization applied for and has been notified that \$71,510 in eligible expenditures for payroll and other expenses described in the CARES Act has been forgiven. Loan forgiveness is reflected in the accompanying statement of activities.

**NOTE M – ASSET IMPAIRMENT**

In August 2020 and May 2021, Hurricane Laura and severe flooding inflicted extensive damage to the Organization's Lake Charles, Louisiana office building, respectively. The Organization has partially restored the office building and has incurred significant costs which are expected to be partially reimbursed by their commercial property insurance policy. These financial statements include impairment losses resulting from the damages totaling \$63,496, net of accumulated depreciation. The impairment loss only considers the complete loss of various office building components and was calculated and valued based on the historical original cost of the destroyed component items. The restorative efforts of the remaining damages to the building are considered repairs and expensed as incurred. Restorative expenditures included in repairs total \$39,250 for the year ended June 30, 2021.

Restorative efforts to the Lake Charles, Louisiana office building are ongoing as of June 30, 2021. The estimated cost to completely restore the building could range from \$175,000 to \$250,000. The cost estimate is subject to change depending upon external cost factors.

The Organization has filed insurance claims and has approved insurance reimbursements of \$215,528 as of June 30, 2021. The Organization has undertaken efforts to obtain additional insurance reimbursements from the damages to the office building, but the final potential settlement has not yet been determined.

# STEVEN M. DEROUEN & ASSOCIATES, LLC

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Member Louisiana Society of  
Certified Public Accountants

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

Board of Directors  
Families Helping Families of Southwest Louisiana, Inc.  
Lake Charles, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Families Helping Families of Southwest Louisiana, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 24, 2021.

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

In planning and performing our audit of the financial statements, we considered Families Helping Families of Southwest Louisiana, 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 our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Families Helping Families of Southwest Louisiana, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Families Helping Families of Southwest Louisiana, 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Families Helping Families of Southwest Louisiana, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana  
November 24, 2021

**Families Helping Families of Southwest Louisiana, Inc.**

**SCHEDULE OF FINDINGS AND RESPONSES**

**Year Ended June 30, 2021**

We have audited the financial statements of Families Helping Families of Southwest Louisiana, Inc. for the year ended June 30, 2021, and have issued our report thereon dated November 24, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2021 resulted in an unqualified opinion.

**Section I – Summary of Auditor’s Report**

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness  Yes  No Other Conditions  Yes  No

Compliance

Compliance Material to Financial Statements  Yes  No

b. There were no current year management letter comments.

**Section II – Financial Statement Findings**

There were no current year financial statement findings.

**Families Helping Families of Southwest Louisiana, Inc.**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

**Year Ended June 30, 2021**

**NONE**

**Families Helping Families of Southwest Louisiana, Inc.**

**Schedule of Compensation, Benefits and Other Payments to Executive Director**

**Paid from Public Funds**

**June 30, 2021**

**Agency Head Name: Susan Riehn, Executive Director**

<b>Purpose</b>	<b>Amount</b>
Salary	\$45,027
Benefits-health insurance	463
Benefits-retirement	-
Benefits-Wage Differential COVID 19	1,920
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements – Auto Mileage Reimb	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-