

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

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

Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

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

I 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, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements as listed in the table of contents.

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 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 I 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, 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.

Opinion

In my 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, 2020, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated January 26, 2021, on my consideration of Families Helping Families of Southwest Louisiana, 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 Families Helping Families of Southwest Louisiana, Inc.'s internal control over financial reporting and compliance.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

The financial statements of Families Helping Families of Southwest Louisiana, Inc. as of June 30, 2019, were audited by other auditors whose report dated December 30, 2019, expressed an unmodified audit opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
January 26, 2021

Families Helping Families of Southwest Louisiana, Inc.

STATEMENT OF FINANCIAL POSITION

June 30, 2020
with comparative totals for 2019

ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 239,067	\$ 156,605
Beneficial interest in the assets held by the Community Foundation of SWLA	61,430	60,166
Grants receivable	20,289	49,768
Contracts receivable	22,150	14,050
Prepaid insurance	6,392	6,559
Total current assets	<u>349,328</u>	<u>287,148</u>
PROPERTY AND EQUIPMENT		
Furniture and equipment	44,656	44,656
Library	6,676	6,676
Building	67,728	67,728
Building improvements	204,595	197,395
	<u>323,655</u>	<u>316,455</u>
Less accumulated depreciation	(157,453)	(148,810)
Net property and equipment	<u>166,202</u>	<u>167,645</u>
OTHER ASSETS		
Investments	257,061	248,651
Deposits	350	350
Total other assets	<u>257,411</u>	<u>249,001</u>
Total Assets	<u>\$ 772,941</u>	<u>\$ 703,794</u>

Families Helping Families of Southwest Louisiana, Inc.

STATEMENT OF FINANCIAL POSITION

June 30, 2020
with comparative totals for 2019

LIABILITIES

	<u>2020</u>	<u>2019</u>
CURRENT LIABILITIES		
Accounts payable	\$ 4,513	\$ 6,303
Accrued liabilities	9,576	15,864
Total current liabilities	<u>14,089</u>	<u>22,167</u>
LONG TERM LIABILITIES		
Note payable	71,510	-
Total long term liabilities	<u>71,510</u>	<u>-</u>
Total liabilities	<u>85,599</u>	<u>22,167</u>
NET ASSETS		
Without donor restrictions		
Undesignated	625,912	621,461
Designated by Board for Community Foundation		
Investment	61,430	60,166
Total without donor restrictions	<u>687,342</u>	<u>681,627</u>
Total net assets	<u>687,342</u>	<u>681,627</u>
Total Liabilities and Net Assets	<u>\$ 772,941</u>	<u>\$ 703,794</u>

Families Helping Families of Southwest Louisiana, Inc.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020
with comparative totals for 2019

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES, GAINS AND OTHER SUPPORT				
Governmental Grants	\$ -	\$ 281,835	\$ 281,835	\$ 315,268
Contract fees	-	147,572	147,572	157,725
Contributions	-	33,432	33,432	33,413
Fund-raising/special events	22,653	-	22,653	15,596
Miscellaneous income	11,320	-	11,320	2,433
Investment income	7,894	-	7,894	2,555
Unrealized gain (loss) on investments	1,974	-	1,974	4,063
Total revenues and gains	43,841	462,839	506,680	531,053
Net assets released from restrictions	462,839	(462,839)	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	506,680	-	506,680	531,053
EXPENSES AND LOSSES				
Program service	447,294	-	447,294	462,187
Management and general	48,760	-	48,760	51,234
Fund-raising	4,911	-	4,911	6,724
TOTAL EXPENSES AND LOSSES	500,965	-	500,965	520,145
CHANGE IN NET ASSETS	5,715	-	5,715	10,908
NET ASSETS AT BEGINNING OF YEAR	681,627	-	681,627	670,719
NET ASSETS AT END OF YEAR	\$ 687,342	\$ -	\$ 687,342	\$ 681,627

Families Helping Families of Southwest Louisiana, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

**For the year ended June 30, 2020
with comparative totals for 2019**

	Program	Management	Fund	Total	
	Services	and General	Raising	Services	
	2020			2020	2019
Advertising and promotion	\$ 1,954	\$ 92	\$ 6	\$ 2,053	\$ 881
Books and subscriptions	201	22	-	223	198
Client/project services	10,850	-	-	10,850	6,573
Conferences and forums	1,348	81	-	1,429	642
Insurance	14,498	1,611	-	16,109	15,698
Investment fees	641	70	-	711	479
Membership dues	392	44	-	435	1,605
Miscellaneous	558	61	-	619	815
Office expense and supplies	6,336	704	-	7,040	7,342
Payroll taxes	25,907	1,654	-	27,561	28,439
Postage and shipping	2,883	320	-	3,203	3,007
Printing and publications	1,503	167	-	1,670	2,048
Professional fees	7,650	850	-	8,500	6,750
Occupancy	1,771	197	1,317	3,285	2,893
Repairs and maintenance	8,149	905	-	9,054	8,775
Salaries and wages	327,054	19,402	-	346,456	356,908
Special events	-	20,259	-	20,259	22,397
Staff development	2,070	230	-	2,300	830
Supplies	7,451	-	3,587	11,038	17,112
Telephone	7,268	808	-	8,076	7,539
Travel and transportation	7,573	53	-	7,626	16,306
Utilities	3,443	383	-	3,825	4,064
Total before depreciation and other expense	439,498	47,913	4,911	492,322	511,301
Depreciation expense	7,796	847	-	8,643	8,844
TOTAL EXPENSES	\$ 447,294	\$ 48,760	\$ 4,911	\$ 500,965	\$ 520,145

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, 2020
with comparative totals for 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 5,715	\$ 10,908
Adjustments to reconcile change in net assets to net cash provided by (used) by operating activities		
Depreciation	8,643	8,844
(Increase) decrease in operating assets		
Grants/contracts receivable	21,379	(13,792)
Gift card inventory	-	600
Prepaid expenses	167	(3,086)
Increase (decrease) in operating liabilities		
Accounts payable	(1,790)	5,374
Accrued expenses	(6,288)	4,782
NET CASH FROM OPERATING ACTIVITIES	<u>27,826</u>	<u>13,630</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, equipment and improvements	(7,200)	(2,435)
Reinvestment in Community Foundation assets	(1,264)	(3,584)
Reinvestment in certificate of deposits	(68,371)	(12,802)
Proceeds from the maturity of certificate of deposits	59,961	15,150
NET CASH FROM INVESTING ACTIVITIES	<u>(16,874)</u>	<u>(3,671)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	71,510	-
NET CASH FROM FINANCING ACTIVITIES	<u>71,510</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	82,462	9,959
BEGINNING CASH AND CASH EQUIVALENTS	<u>156,605</u>	<u>146,646</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 239,067</u>	<u>\$ 156,605</u>

Families Helping Families of Southwest Louisiana, Inc.

**Notes to Financial Statements
June 30, 2020**

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, 2020**

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, 2020 is \$8,643.

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. Advertising Costs

Advertising costs are charged to operations when incurred. For the year ended June 30, 2020, the Organization incurred \$2,053 in publicity and promotion costs.

7. 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, 2019, from which the summarized information was derived.

Families Helping Families of Southwest Louisiana, Inc.

Notes to Financial Statements
June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. 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.

9. 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.

10. Contributed Goods and Services

During the year ended June 30, 2020, 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, 2020**

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, 2020, 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, grants receivable, contract receivable, prepaid insurance, accounts payable and accrued liabilities approximate their fair values based on their short-term nature.

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, 2020 are as follows:

Balance at July 1, 2019	\$ 60,166
Amounts invested in the Fund	-
Share of appreciation of Fund	152
Income from investments	1,823
Administration fees	(711)
Distributions made from Fund	-
Balance at June 30, 2020	<u>\$ 61,430</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.

Families Helping Families of Southwest Louisiana, Inc.

**Notes to Financial Statements
June 30, 2020**

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:

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, 2020.

As of June 30, 2020, 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)	\$ 257,061	\$ 257,061	\$ -0-
Beneficial Interest in Assets (Level 3 Unobservable Inputs)	\$ 53,321	\$ 61,430	\$ 8,109

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.

Families Helping Families of Southwest Louisiana, Inc.

**Notes to Financial Statements
June 30, 2020**

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.

NOTE F – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization has \$209,882 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 \$167,443, grants receivable of \$20,289 and contracts receivable of \$22,150. 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, 2020.

Families Helping Families of Southwest Louisiana, Inc.

**Notes to Financial Statements
June 30, 2020**

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, 2020 equaled \$2,495. Future minimum payments by year as of June 30, 2020 are as follows:

Year Ending	Copier Lease
June 30, 2021	\$ 2,472
June 30, 2022	2,472
June 30, 2023	213
Total	<u>\$ 5,157</u>

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), based on balances and interest rate terms. Amounts held in financial institutions occasionally are in excess of Federal Deposit Insurance Corporation limits. 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 - FUND-RAISING EXPENSE

Fund-raising expenses related to the Golf Tournament and Walk-Roll-Fun 5K Fun Day events totaled \$7,082 or 24% of the total special events revenues. Special events are shown net of these costs on the Statement of Activities for the year ended June 30, 2020. The amount of salaries and related payroll taxes, and other expenses allocated to fund-raising are not included in the above total.

NOTE L - SUBSEQUENT EVENT

The Organization evaluated its June 30, 2020 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.

Families Helping Families of Southwest Louisiana, Inc.

**Notes to Financial Statements
June 30, 2020**

NOTE M - PPP LOAN PAYABLE

On April 21, 2020, the Organization was granted a loan (the "Loan") from Bancorp South, in the aggregate amount of \$71,610, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated April 15, 2020 issued by the Borrower, matures on April 15, 2022 and bears interest at a rate of 1.00% per annum, payable monthly commencing on November 14, 2020. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before September 29, 2020. The Organization intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

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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

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 Families Helping Families of Southwest Louisiana, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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 my report thereon dated January 26, 2021.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my 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, I 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.

My 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 my audit I did not identify any deficiencies in internal control that I 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, 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*.

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 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

Lake Charles, Louisiana
January 26, 2021

Families Helping Families of Southwest Louisiana, Inc.

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended June 30, 2020

I have audited the financial statements of Families Helping Families of Southwest Louisiana, Inc. for the year ended June 30, 2020, and have issued my report thereon dated January 26, 2021. I conducted my 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. My audit of the financial statements as of June 30, 2020 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, 2020

NONE

Families Helping Families of Southwest Louisiana, Inc.

Schedule of Compensation, Benefits and Other Payments to Executive Director

Paid from Public Funds

June 30, 2020

Agency Head Name: Susan Riehn, Executive Director

Purpose	Amount
Salary	\$45,027.20
Benefits-health insurance	264.74
Benefits-retirement	0.00
Benefits-Wage Differential COVID 19	2,640.00
Car allowance	0.00
Vehicle provided by government	0.00
Per diem	0.00
Reimbursements – Auto Mileage Reimb	98.89
Travel	0.00
Registration fees	0.00
Conference travel	0.00
Continuing professional education fees	0.00
Housing	0.00
Unvouchered expenses	0.00
Special meals	0.00