

**FIRST BAPTIST CHURCH,
DENHAM SPRINGS, LOUISIANA**

ANNUAL FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2024



**Hebert Johnson
& Associates, Inc.**
Certified Public Accountants

A Professional Accounting Corporation

First Baptist Church, Denham Springs, Louisiana

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December 31, 2024**

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A P R O F E S S I O N A L A C C O U N T I N G C O R P O R A T I O N

Independent Auditor's Report

To the Church Council
First Baptist Church, Denham Springs, Louisiana
Denham Springs, Louisiana

Qualified Opinion

We have audited the accompanying financial statements of First Baptist Church, Denham Springs, Louisiana (the Church), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, except for the effects of recording certain equipment described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of First Baptist Church, Denham Springs, Louisiana as of December 31, 2024, 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.

Basis for Opinion

The Church has stated an estimated value on certain equipment purchased when constructing its new building in 2017. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of certain property and equipment owned by the Church. Accounting principles generally accepted in the United States of America require property and equipment to be stated at acquisition cost. The difference between the acquisition cost of those assets and its estimated value is undeterminable.

The depreciation expenses for the equipment described in the previous paragraph is also based on the estimated value. The difference between the depreciation for the equipment at acquisition cost and estimated value is undeterminable.

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 responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of First Baptist Church, Denham Springs, Louisiana and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about First Baptist Church, Denham Springs, Louisiana's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with general accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 First Baptist Church, Denham Springs, Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about First Baptist Church, Denham Springs, Louisiana's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope of timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards as required by the Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 related 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 August 20, 2025, on our consideration of the Church'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 the effectiveness of the Church's internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Church's internal control over financial reporting and compliance.

Chris Johnson

Hebert Johnson & Associates, Inc.
A Professional Accounting Corporation
Albany, Louisiana
August 20, 2025

Financial Statements

First Baptist Church, Denham Springs, Louisiana

Statement A

**Statement of Financial Position
December 31, 2024**

	<u>2024</u>
Assets	
Current Assets:	
Cash and Cash Equivalents:	\$ 2,844,582
Investments	1,962,981
Accounts Receivable	4,679
Grants Receivable	15,649
Total Current Assets	<u>4,827,891</u>
Property, Plant & Equipment:	
Land	1,235,804
Construction in Progress	87,729
Property, Plant, and Equipment, Net	<u>15,310,553</u>
Total Property, Plant & Equipment	<u>16,634,086</u>
Total Assets	<u><u>\$ 21,461,977</u></u>
Liabilities and Net Assets	
Current Liabilities:	
Accounts Payable	\$ 140,373
Payroll Tax Liabilities	11,954
Total Current Liabilities	<u>152,327</u>
Net Assets	
Without Donor Restrictions:	
Designated	1,692,573
Undesignated	19,352,536
Total Without Donor Restrictions	<u>21,045,109</u>
With Donor Restrictions:	
Restricted for Purpose	<u>264,541</u>
Total Net Assets	<u>21,309,650</u>
Total Liabilities and Net Assets	<u><u>\$ 21,461,977</u></u>

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

First Baptist Church, Denham Springs, Louisiana

Statement B

**Statement of Activities
For the Year Ended December 31, 2024**

	Without Donor Restrictions	With Donor Restrictions	12/31/2024
Revenues			
Contributions	\$ 2,421,399	\$ 379,698	\$ 2,801,097
Grants	958,855	-	958,855
Kindergarten and Mother's Day Out Tuition (MDO)	302,915	-	302,915
Registration and Miscellaneous Fees	-	289,797	289,797
Other:			
Interest Income	43,074	-	43,074
Net Investment Income	343,371	-	343,371
	<u>4,069,614</u>	<u>669,495</u>	<u>4,739,109</u>
 Net assets released from restrictions	 <u>560,351</u>	 <u>(560,351)</u>	 <u>-</u>
 Total support and revenue	 <u>4,629,965</u>	 <u>109,144</u>	 <u>4,739,109</u>
Expenses			
General and Administrative	749,298	-	749,298
Kindergarten and Mother's Day Out Ministry	316,162	-	316,162
	1,513,635	-	1,513,635
General and Administrative With Donor Restrictions	4,075	-	4,075
Ministry With Donor Restrictions	398,021	-	398,021
Total Expenses	<u>2,981,191</u>	<u>-</u>	<u>2,981,191</u>
 Increase (decrease) in Net Assets	 1,648,774	 109,144	 1,757,918
 Net Assets Beginning of Year	 <u>19,396,335</u>	 <u>155,397</u>	 <u>19,551,732</u>
Net Assets End of Year	<u><u>\$ 21,045,109</u></u>	<u><u>\$ 264,541</u></u>	<u><u>\$ 21,309,650</u></u>

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

First Baptist Church, Denham Springs, Louisiana

Statement C

**Statement of Functional Expenses
For the Year Ended December 31, 2024**

Expenses Used Without Donor Restrictions

	Program Services			Supporting Services	Total
	Ministry	Kindergarten and MDO	Total	General & Administrative	
Bank Fees	\$ 16,395	\$ 2,342	\$ 18,737	\$ 4,684	\$ 23,421
Computer, Equipment, and Technology	302	1,373	1,675	14,441	16,116
Depreciation	-	-	-	482,499	482,499
Events, Retreats, Camps	111,746	-	111,746	-	111,746
Insurance	50,609	7,230	57,839	14,460	72,299
Materials, Supplies, Curriculum	65,781	20,341	86,122	19,974	106,096
Ministry - Other	88,303	-	88,303	-	88,303
Missions	174,342	-	174,342	-	174,342
Payroll Taxes	14,588	17,642	32,230	5,318	37,548
Personnel	738,450	229,964	968,414	134,029	1,102,443
Promotional	123	-	123	-	123
Repairs, Maintenance, Small Furnishings, Custodial, and Security	177,369	25,338	202,707	50,677	253,384
Training & Conferences	2,194	1,441	3,635	2,235	5,870
Utilities	73,433	10,491	83,924	20,981	104,905
Total Expenses	<u>\$ 1,513,635</u>	<u>\$ 316,162</u>	<u>\$ 1,829,797</u>	<u>\$ 749,298</u>	<u>\$ 2,579,095</u>

Expenses Used With Donor Restrictions

	Program Services			Supporting Services	Total
	Ministry	Kindergarten and MDO	Total	General & Administrative	
Bank Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Computer, Equipment, and Technology	-	-	-	-	-
Events, Retreats, Camps	169,414	-	169,414	-	169,414
Insurance	-	-	-	-	-
Materials, Supplies, Curriculum	4,571	-	4,571	-	4,571
Ministry - Other	139,275	-	139,275	-	139,275
Missions	83,241	-	83,241	-	83,241
Payroll Taxes	-	-	-	-	-
Personnel	-	-	-	-	-
Promotional	-	-	-	-	-
Repairs, Maintenance, Small Furnishings, Custodial, and Security	1,520	-	1,520	4,075	5,595
Training & Conferences	-	-	-	-	-
Utilities	-	-	-	-	-
Total Expenses	<u>\$ 398,021</u>	<u>\$ -</u>	<u>\$ 398,021</u>	<u>\$ 4,075</u>	<u>\$ 402,096</u>

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

First Baptist Church, Denham Springs, Louisiana

Statement D

**Statement of Cash Flows
For the Year Ended December 31, 2024**

	<u>12/31/2024</u>
Cash Flows From Operating Activities	
Increase (decrease) in Net Assets	\$ 1,757,918
Adjustment for non-cash items:	
Depreciation	482,499
Net (Gains) Losses on Investments	(343,371)
Change in operating assets and liabilities	
(Increase) Decrease in Grants Receivable	(15,649)
Decrease (Increase) in Receivables	(4,679)
(Decrease) Increase in Accounts Payable & Other Liabilities	98,070
Net Cash Provided by Operating Activities	<u>1,974,788</u>
Cash Flows From Investing Activities	
(Purchase) Sale of Property and Equipment	(585,911)
(Purchase) Sale of Investments	-
Net Cash Provided (Used) by Investing Activities	<u>(585,911)</u>
Increase in Cash and Cash Equivalents	1,388,877
Cash and Cash Equivalents, Beginning of Year	<u>1,455,705</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 2,844,582</u></u>

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

First Baptist Church, Denham Springs, Louisiana

Notes to the Financial Statements For the Year Ended December 31, 2024

1. Significant Accounting Policies

A. Nature of Organization

First Baptist Church, Denham Springs, Louisiana ("the Church") was formed in October of 1928. The Church is a Southern Baptist Church and exists to reach people with the gospel and lead them to be devoted followers of Jesus Christ. The Church receives the majority of its support through contributions from its congregation in Denham Springs, Louisiana and through its school programs.

B. Basis of Presentation

The Church is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Net assets with donor restrictions can be restricted for purpose, restricted for time, or restricted in perpetuity. These net assets classifications are described as follows:

1. *Net Assets Without Donor Restrictions* - not subject to donor-imposed restrictions. Net assets may be designated for specific purposes by action of the Church Council.
2. *Net Assets With Donor Restrictions* - subject to donor-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 resource 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 statement of activities presents expenses of the Church functionally by general and administrative, kindergarten and Mother's Day out, ministry, general and administrative with donor restrictions, and ministry with donor restrictions.

C. Basis Accounting

The financial statements of the Church have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

D. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. Estimates are used primarily when accounting for the allowance for doubtful accounts, depreciation, prepaid assets, accrued

First Baptist Church, Denham Springs, Louisiana

Notes to the Financial Statements For the Year Ended December 31, 2024

liabilities and in-kind revenues.

E. Income Taxes

The Church is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) as a religious organization, and therefore no provision is made for federal or state income taxes.

The Church regularly reviews and evaluates its tax position taken with regard to issues affecting its tax status, unrelated business income, and related matters. The Church believes that in the event of an examination by taxing authorities, its positions would prevail based upon technical merits of such positions. Therefore, the Church has concluded that no tax benefit or liabilities are required to be recognized as of December 31, 2024.

F. Cash and Cash Equivalents and Floating Rate Demand Notes

For purposes of the Statement of Cash Flows, the Church considers all highly liquid investments without donor restrictions with an initial maturity of three months or less to be cash equivalents. The Church invests in interest bearing Floating Rate Demand Notes which can be redeemed at any time. As such, the Floating Rate Demand Notes are included in Cash and Cash Equivalents in these financial statements.

G. Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the Statement of Activities. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities accounts will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Financial Position and Statement of Activities.

H. Accounts Receivable

Accounts receivable may consist of grants, contributions, and trade receivables and are recorded at cost, net of an allowance for doubtful accounts. Management believes all receivables are collectible; therefore, an allowance has not been recorded at December 31, 2024.

First Baptist Church, Denham Springs, Louisiana

**Notes to the Financial Statements
For the Year Ended December 31, 2024**

I. Property, Plant and Equipment

Expenditures for the acquisition of property and equipment are primarily capitalized at cost in excess of \$500. The fair value of donated property and equipment is similarly capitalized. Depreciation is computed using the straight-line method of depreciation. There are some items in property and equipment that were purchased during the construction of the new building that are listed in the financial statements at their estimated value. These items are not considered generally accepted modifications of generally accepted accounting principles as property and equipment should be recorded at historical cost and depreciated over the estimated useful lives.

At December 31, 2024, property and equipment was as follows:

Description	Estimated Useful Life	Amount
Buildings	40 Years	\$ 17,309,920
Construction in Progress	-	87,729
Equipment, Furniture & Fixtures	5-10 Years	1,464,177
Land	-	1,235,804
		<u>20,097,630</u>
Less: Accumulated Depreciation		(3,463,544)
		<u><u>\$ 16,634,086</u></u>

Depreciation expense for the year ended December 31, 2024 was \$482,499.

J. Compensated Absences

Employees of the Church earn vacation and sick pay in varying amounts according to years of service and subject to maximum limitations. Sick pay balances are not paid if an employee is terminated or leaves. Employees whose employment is terminated will receive vacation pay for any unused vacation accrued at time of termination or layoff. However, unused vacation may not be rolled over to the next year. Therefore, no balances have been recorded for unused vacation or sick pay in these financial statements.

K. Revenue Recognition

The significant revenues of the Church are contributions, grant income, kindergarten and Mother's Day out tuition, registration and miscellaneous fees, and interest and investment income. Contributions are discussed below. Grant income is received from the State of Louisiana, Office of Community Development which is a cost reimbursable grant. Under this grant agreement, revenue is recognized in the year in which the project worksheet (PW) has been obligated by the Federal and/or State awarding agency and the necessary qualifying expenditures have been incurred. At December 31, 2024 the Church has a receivable of \$15,649 from the Office of Community Development. This amount was collected in 2025.

First Baptist Church, Denham Springs, Louisiana

Notes to the Financial Statements For the Year Ended December 31, 2024

The Church recognizes revenue from Kindergarten and Mother's Day out tuition and fees over the course of the year during the month in which the related services are provided to the children. The performance obligation of delivering childcare and educational services is recognized when the services are provided and payment is collected which typically occurs in the same month. Refunds and non-collection of tuition and fees have historically been insignificant. Interest and investment income is recognized monthly over the course of the year based on the market earnings of the investment.

L. Contributions

All contributions are considered available for use without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as donor restricted support, either for time or purpose or in perpetuity, that increases net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends, or purpose of restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

M. Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

N. Volunteer Services and Other Noncash Contributions

From time to time, the Church benefits from donated items and services of its members. However, during 2024, the Church did not receive any in kind contribution of assets, material and supplies, or services requiring recognition in these financial statements. Members of the Church Council and other volunteers have made significant contributions of their time to assist in the Church's operations. The value of this contributed time is not recorded in these financial statements because it is not susceptible to objective measurement or valuation.

O. Functional Allocation of Expenses

The cost of providing the various programs and administrative activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated directly between program services and general and administrative based on actual expenses or time spent and certain costs have been allocated between program services and general and administrative based on management's estimate of time spent on these activities or usage by program or supporting service. Estimated allocations are determined by management on an equitable basis. The expenses that are allocated based on management's estimate of time spent on the activities or usage by program or supporting service include Administrative Personnel, Payroll Taxes, Bank Fees, Utilities, Computer, Depreciation, Equipment, Technology, Insurance, Repairs, Maintenance, Custodial, Security, Training and Conferences.

First Baptist Church, Denham Springs, Louisiana

Notes to the Financial Statements For the Year Ended December 31, 2024

P. Subsequent Events

The management of the Church evaluated subsequent events and transactions for possible recognition or disclosure in the financial statements through August 20, 2025, the date which the financial statements were available to be issued.

2. Liquidity and Availability

The following reflects the Church's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of Church Council or contractual or donor-imposed restrictions within one year of the statement of financial position date. The designations could be drawn upon if the Church Council approves that action:

Financial Assets at Year End:	
Cash and Cash Equivalents	\$ 2,844,582
Investments	<u>1,962,981</u>
	4,807,563
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	(264,541)
Finance Committee Designations:	
Operations Assistance, Emergency Reserves, Capital Projects and School, Music, Missions and Discipleship Assistance	<u>(1,692,573)</u>
Financial Assets available to meet cash needs for general expenditures within one year	<u><u>\$ 2,850,449</u></u>

The Church's goal is to maintain liquid financial assets to meet 180 days of operating expenses. The Church invests cash in excess of daily requirements in interest bearing floating rate demand notes and investment accounts held by financial service holding companies.

3. Concentrations

The Church maintains cash accounts with commercial banks, which are insured by the Federal Deposit Insurance Corporation up to the maximum allowed. Periodically, cash may exceed the federally insured amount. In addition, cash is invested in floating rate demand notes that can be redeemed at any time. The notes are not insured by the Federal Deposit Insurance Corporation or any other insurance and additionally they are not secured by the issuing credit company. Management monitors the financial condition of the banks and credit company on a regular basis, along with their balances in cash to minimize this potential risk.

First Baptist Church, Denham Springs, Louisiana

Notes to the Financial Statements For the Year Ended December 31, 2024

4. Investments

At December 31, 2024, the fair values of the Church's investments were as follows:

Equities:	
Common Stock	\$ 85,649
Mutual Funds	1,877,332
	<u>\$ 1,962,981</u>

Net unrealized gains of \$343,371 were recorded for the year ended December 31, 2024.

5. Fair Value Measurements

The fair value measurement accounting literature provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels. Level 1 inputs to the valuation methodology are based on unadjusted quoted prices for identical assets in active markets that the Church has the ability to access. Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets and/or based on inputs that are derived principally from or corroborated by observable market data by correlation or other means. Level 3 inputs are unobservable and are based on assumptions market participants would utilize in pricing the asset.

The Church uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. When available, valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis at December 31, 2024:

Level 1 - Common Stock and Mutual Fund Equities- Valued at fair value based on quoted market price of the shares held by the Church at year end.

The Church's investments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Church believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

First Baptist Church, Denham Springs, Louisiana

Notes to the Financial Statements For the Year Ended December 31, 2024

The following table sets forth by level, within the fair value hierarchy, the Church's investments at fair value on a recurring basis as of December 31, 2024:

	Fair Value as of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Equities:				
Common Stock	\$ 85,649	\$ -	\$ -	\$ 85,649
Mutual Funds	1,877,332	-	-	1,877,332
Total Investments	<u>\$ 1,962,981</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,962,981</u>

6. Net Assets with Donor Restrictions and Finance Committee Designations

Net assets with donor-imposed restrictions for purpose are used to account for the receipt and disbursement of specific activities (projects) defined by the donor. Following are the funds and amounts classified as net assets with donor restrictions as of December 31, 2024:

Various Ministry, Missions, and Other	\$ 264,541
	<u>\$ 264,541</u>

Net assets without donor-imposed restrictions represent resources over which the Church Council has discretionary control and are used to carry out operations of the Church. As of December 31, 2024, \$1,692,573 of funds as they become available, have been set aside for operations assistance, emergency reserves, capital projects, school, music, missions, and discipleship assistance.

7. Net Assets Released from Restrictions

Net assets were released from restrictions for the year ended December 31, 2024 for incurring expenses satisfying the restricted purpose:

Capital Projects	\$ 158,255
Various Ministry, Missions, and Other	402,096
	<u>\$ 560,351</u>

First Baptist Church, Denham Springs, Louisiana

Notes to the Financial Statements For the Year Ended December 31, 2024

8. Related Party

The Church is a member of the Louisiana Baptist Convention ("LBC") and the Eastern Louisiana Baptist Association ("ELBA") and cooperates with LBC and ELBA in their mission activities. The Church pays cooperative program dues to LBC and ELBA annually based on a percentage of budgeted income. During the year ended December 31, 2024, cooperative program dues of \$134,484 and \$22,412, respectively, were paid by the Church to LBC and ELBA. These amounts are included as Missions expense in the Statement of Functional Expenses in these financial statements.

9. Commitments

On November 20, 2024, the Church entered into a construction contract with a company to construct an outdoor kitchen. Total price of the contract was \$29,250. This project was completed in 2025.

On November 20, 2024, the Church entered into an agreement with a company to construct an outdoor pavilion. Total price of the contract was \$151,650. This project was complete in 2025.

10. Compensation, Benefits, and Other Payments to the Senior Pastor

Agency Head Name: Dr. Leo Miller

Purpose	Amount
Compensation, Reimbursements, Benefits	\$ -

R.S. 24:513 (A) (3) requires reporting of the total compensation, reimbursements, and benefits paid to the agency head or chief executive officer. This law was further amended by Act 642 of the 2015 Regular Session which clarified that nongovernmental or not for profit local auditees are required to report only the compensation, reimbursements, and benefits paid to the agency head or chief executive officer paid from public funds.

The Organization is not required to report the total compensation, reimbursements, and benefits paid to the Senior Pastor as these costs are supported by private funds.

Supplementary Information

First Baptist Church, Denham Springs, Louisiana

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024**

	<u>Grant Number</u>	<u>Assistance Listing Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Housing and Urban Development			
Pass Through Programs From:			
State of Louisiana Office of Community Development			
Community Development Block Grant	2000838113	14.228	<u>958,855</u>
Total U.S. Department of Housing and Urban Development			<u><u>\$ 958,855</u></u>

See Independent Auditor's Report.

First Baptist Church, Denham Springs, Louisiana

**Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024**

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of First Baptist Church, Denham Springs, Louisiana and is presented in accordance with requirements of the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

B. Summary of Significant Accounting Principles

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

C. Indirect Cost Allocation

The Church did not elect to use the 10% de minimis indirect cost rate during the year ended December 31, 2024.

D. Federal Expenditures

The Church was obligated the Community Development Block Grant of \$958,855 during the December 31, 2024 year end. The grant was a cost-reimbursement grant for expenses incurred in years 2016 and 2017. Since the grant was not obligated until 2024, the Schedule of Expenditures of Federal Awards will show a total of \$958,855.

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A PROFESSIONAL ACCOUNTING CORPORATION

**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**

To the Church Council
First Baptist Church, Denham Springs, Louisiana
Denham Springs, Louisiana

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 First Baptist Church, Denham Springs, Louisiana, (the Church), which comprise the statement of financial position as of December 31, 2024, 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 August 20, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Church'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 the Church's internal control. Accordingly, we do not express an opinion on the effectiveness of the Church'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether First Baptist Church, Denham Springs, Louisiana'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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2024-01.

First Baptist Church, Denham Springs, Louisiana's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on First Baptist Church, Denham Springs, Louisiana's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. First Baptist Church, Denham Springs, Louisiana's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

This report is intended solely for the information and use of the Church Council, management, the Office of the Legislative Auditor, State of Louisiana, and federal awarding agencies and passes through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Chris Johnson

Hebert Johnson & Associates, Inc.
A Professional Accounting Corporation
Albany, Louisiana
August 20, 2025

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A PROFESSIONAL ACCOUNTING CORPORATION

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Church Council of
First Baptist Church, Denham Springs, Louisiana
Denham Springs, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited First Baptist Church, Denham Springs, Louisiana's (the Church) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of First Baptist Church, Denham Springs, Louisiana's major federal programs for the year ended December 31, 2024. The Church's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, First Baptist Church, Denham Springs, Louisiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit on Compliance section of our report.

We are required to be independent of First Baptist Church, Denham Springs, Louisiana and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of First Baptist Church, Denham Springs, Louisiana's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to First Baptist Church, Denham Springs, Louisiana's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on First Baptist Church, Denham Springs, Louisiana 's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Church's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Church's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Church's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Church's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report of Internal Control over Compliance

A deficiency in internal control over compliance exist when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities of the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Chris Johnson

Hebert Johnson & Associates, Inc.
A Professional Accounting Corporation
Albany, Louisiana
August 20, 2025

First Baptist Church, Denham Springs, Louisiana
Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2024

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Qualified

Internal control over financial reporting:

- Material Weakness(es) identified? Yes X No

- Significant deficiency(ies) identified?
Reported Yes X No

Noncompliance material to financial statements noted? X Yes No

Federal Awards

Internal Control over major federal programs:

- Material Weakness(es) identified? Yes X No

- Significant deficiency(ies) identified?
Reported Yes X No

Type of auditors' report issued on compliance
for major federal programs: Unmodified

- Any audit findings disclosed that are
required to be reported in accordance
with 2 CFR 200.516(a)? Yes X No

 Identification of major programs:
Assistance Listing Number: 14.228

 Name of Federal Program:
U.S. Department of Housing and Urban Development
Passed Through State of Louisiana Office of
Community Development
Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low risk auditee? Yes X No

First Baptist Church, Denham Springs, Louisiana

**Schedule of Findings and Questioned Costs
December 31, 2024**

B. Financial Statement Audit Findings

Internal Control

None

Compliance

2024-01 Non-Timely Submission of Financial Reports

Criteria:

Louisiana Revised Statute (R.S.) 24:513 requires all auditees subject to the audit authority of the Louisiana Legislative Auditor (LLA) to submit their annual financial statements within six months of the close of their fiscal year.

Condition:

The Church did not submit its required financial statements for the fiscal year December 31, 2024, within the required six-month period prescribed by (R.S.) 24:513.

Cause:

The Church engaged an auditor in March 2025. The auditor was not able to complete the engagement within six months of the close of the Church's fiscal year.

Effect:

The audit report was submitted to the Legislative Auditor's office after June 30, 2025.

Recommendation:

We recommend that the First Baptist Church, Denham Springs, Louisiana implement procedures to ensure the timely preparation and submission of financial reports in compliance with (R.S.) 24:513.

Management's Response:

The Church will take measures to ensure the timely submission of future financial reports. Responsible Party is Administrative Pastor, Billy McDaniel (225)-664-4102.

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A P R O F E S S I O N A L A C C O U N T I N G C O R P O R A T I O N

Management Letter

To the Church Council and
Billy McDaniels, Administrative Pastor of
First Baptist Church, Denham Springs, Louisiana
Denham Springs, Louisiana

We have audited the accompanying financial statements of First Baptist Church, Denham Springs, Louisiana (the Church), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In planning and performing our audit of the financial statements, we considered the Church'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 the Church's internal control. Accordingly, we do not express an opinion on the effectiveness of the Church's internal control.

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.

Below are descriptions of other identified deficiencies in internal control that we determined not to be a significant deficiency or material weakness:

Finding: Segregation of Duties

A lack of appropriate segregation of duties that is not mitigated by other management factors is a risk factor that could provide opportunities for management or employees to misappropriate assets. No single individual should control all facets of a financial function. During our audit, we noted that Sunday contributions are initially handled by the Financial Administrator. Specifically, the Financial Administrator collects the offerings from various collection points (e.g., offering boxes, welcome desk, and Front Office) following the third service. While envelopes are not opened and checks or designated contributions are not processed at this stage, the Financial Administrator does count loose cash and prepares a denomination tape for the Counting Committee. All funds are then secured in a safe until the volunteer count team processes the contributions on the following Tuesday.

Recommendation:

We recommend the Counting Committee collect the contributions after the Sunday service. Amounts should be logged on a count sheet by cash and check totals. The count sheet should also list the intent and purpose if other than undesignated offerings. The Counting Committee should initial the count sheet, prepare the deposit slip and store in the safe overnight. On Monday, the deposit should be taken to the bank by someone other than the Financial Administrator. The deposit ticket should be reconciled to the count sheet and deposit slip. Once the bank statement is received, deposits should be agreed to the amounts listed on the bank statement.

This report is intended solely for the information and use of the Church Council, management, the Office of the Legislative Auditor, State of Louisiana, and federal awarding agencies and passes through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Chris Johnson

Hebert Johnson & Associates, Inc.
A Professional Accounting Corporation
Albany, Louisiana
August 20, 2025

**FIRST BAPTIST CHURCH,
DENHAM SPRINGS, LOUISIANA**

STATEWIDE AGREED-UPON PROCEDURES REPORT

As of and for the Year Ended December 31, 2024



A Professional Accounting Corporation

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CHRISTOPHER S. JOHNSON, CPA, MBA

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A P R O F E S S I O N A L A C C O U N T I N G C O R P O R A T I O N

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2024

To the Church Council of
First Baptist Church, Denham Springs, Louisiana
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2024 through December 31, 2024. First Baptist Church, Denham Springs, Louisiana's management is responsible for those C/C areas identified in the SAUPs.

First Baptist Church, Denham Springs, Louisiana has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2024 through December 31, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the

completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- h) **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Exception: The Church does not have a policy on how vendors are added to the vendor list. The Church is missing policies and procedures regarding contracting and information technology.

Management's Response: Management is working on the policies and procedures for contracting and information technology.

2) Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Exception: The Church Council meets four times a year (quarterly). The by-laws state the board must meet no less than every other month.

Management's Response: The Council meets as needed but has decided 6 meetings is not necessary.

3) Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed

each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

- v. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions were found as a result of these procedures.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and
 - i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.

- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

Exception: The financial administrator collects contributions that are received by the church on Sunday mornings from the offering boxes located in the auditorium, at the welcome desk and by the front office on Sundays following the third service. If any payments for discipleship books or church events are in the collection, they are removed and prepared for deposit by the Financial Administrator and can be reconciled to the envelopes in which the payment was made. All contributions (envelopes, checks or loose cash) are placed in a money bag in the secure safe and remain until the volunteer count team comes in on Tuesdays to prepare the contributions for deposit. The Financial Administrator does not open the envelopes or count the offering on Sundays, but does count the loose cash.

Management's Response: Due to the structure of our Sunday services and reliance on volunteers, full segregation of duties is not always feasible. The Financial Administrator does not open contribution envelopes or finalize deposits. Loose cash is counted only to prepare a reference tape for the count team, which completes the deposit on Tuesdays. Additionally, monthly bank reconciliations prepared by the Financial Administrator are reviewed alongside unopened bank statements by a finance committee member to ensure oversight.

5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- 9. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

10. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

No exceptions were found as a result of these procedures.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., itemized receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was

purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No exceptions were found as a result of these procedures.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana (doa.la.gov/doa/ost/ppm-49-travel-guide/) or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were found as a result of these procedures.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were found as a result of these procedures.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums) have been paid, and any associated forms have been filed, by required deadlines.

Exception: Four of the five tested employees documented their daily attendance nor received supervisor approval of attendance.

Management's Response: The employee that did not document daily attendance is the financial administrator. The financial administrator is on salary and is not required to document attendance.

Exception: Four of the five tested employees did not have proper pay rates in their personnel files.

Management's Response: Pay rates have historically been agreed upon verbally and based on an annual wage schedule. Management will consider documenting pay rates to enhance transparency and recordkeeping.

10) Ethics

(These procedures are not applicable to the Organization)

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - a. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - b. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- 23. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

11) Debt Service

(These procedures are not applicable to the Organization)

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions were found as a result of these procedures.

13) Information Technology Disaster Recovery/Business Continuity

Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management”:**

- A. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.
- B. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- C. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency’s information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
 - Hired before June 9, 2020 - completed the training; and
 - Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

(These procedures are not applicable to the Organization)

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

We were engaged by First Baptist Church, Denham Springs, Louisiana to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of First Baptist Church, Denham Springs, Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Chris Johnson

Hebert Johnson & Associates, Inc.
A Professional Accounting Corporation
Albany, Louisiana
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