Claiborne Church of God, Inc. (DBA Family Church)

West Monroe, Louisiana

June 30, 2025

CERTIFIED PUBLIC ACCOUNTANTS

CLAIBORNE CHURCH OF GOD, INC.

(DBA FAMILY CHURCH)

WEST MONROE, LOUISIANA

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8-14
SUPPLEMENTARY INFORMATION	
Schedule of Compensation, Benefits, and Other Payments to Agency Head	15
OTHER REPORTS	
Independent Auditors' 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*	16-17
Schedule of Findings and Responses	18-19
Summary Schedule of Prior Audit Findings	20

PREMIER PLAZA
1900 N. 18TH STREET, SUITE 300 | MONROE, LOUISIANA 71201
318.388.3108 (P) | 318.429.2124 (F)

The Board of Directors
Claiborne Church of God, Inc.
West Monroe, Louisiana

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Claiborne Church of God, Inc. (DBA Family Church) (a nonprofit Louisiana corporation) which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Claiborne Church of God, Inc. as of June 30, 2025, 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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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 Claiborne Church of God, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the Church's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

HEARD, MCELROY & VESTAL, LLC
LOUISIANA | TEXAS
WWW.HMVCPA.COM

Auditor's Responsibilities 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 GAAS 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement 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 the Church'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Church'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 and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Claiborne Church of God, Inc.'s financial statements as of and for the year ended June 30, 2024, and we expressed an unmodified audit opinion on the financial statements in our report dated December 26, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits, and Other Payments to Agency Head 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 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 Schedule of Compensation, Reimbursement, Benefits and Other Payments to Agency Head 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 July 10, 2026 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 solely 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 Claiborne Church of God, Inc.'s 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 the Claiborne Church of God, Inc.'s internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Monroe, Louisiana
July 10, 2026

FINANCIAL STATEMENTS

CLAIBORNE CHURCH OF GOD, INC. (DBA FAMILY CHURCH)

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2025

ASSETS	2025	2024 Summary Total
Cash	$ 3,406,896	$ 4,025,962
Investments	1,748,171	1,695,997
Accounts receivable	46,783	68,302
Accounts receivable - grant funds	-	67,391
Prepaid expenses	187,546	172,581
Property, plant, and equipment, net	10,772,238	10,029,895
Total assets	$ 16,161,634	$ 16,060,128
LIABLITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ 411,544	$ 18,200
Accrued payroll	84,970	90,298
Payroll taxes payable	23,015	16,012
Deferred income	7,684	100,213
Notes payable	686,920	759,683
Total liabilities	1,214,133	984,406
Net assets:		
Without donor restrictions:		
Undesignated	804,318	1,601,932
Board designated	4,008,606	4,140,984
Invested in property and equipment, net of related debt	10,085,318	9,270,212
Total net assets without donor restrictions	14,898,242	15,013,128
With donor restrictions:		
Restricted for church programs	49,259	62,594
Total net assets	14,947,501	15,075,722
Total liabilities and net assets	$ 16,161,634	$ 16,060,128

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

CLAIBORNE CHURCH OF GOD, INC. (DBA FAMILY CHURCH)

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	2025	2024 Summary Total
Revenue and other support:				
Family Church Revenue	$ 2,835,716	$ 133,671	$ 2,969,387	$ 3,111,255
Claiborne Christian School	2,768,874	-	2,768,874	2,532,292
Claiborne Christian School Sports	194,159	-	194,159	213,764
Claiborne Christian Preschool	1,945,506	-	1,945,506	2,022,589
Claiborne Christian K4	173,656	-	173,656	231,801
Claiborne Christian Cafeteria	253,568	-	253,568	157,529
Grants	387,158	-	387,158	583,714
Other Income	11,915	-	11,915	-
Interest Income	123,901	-	123,901	114,528
Net Assets Released From Restrictions	147,006	(147,006)	-	-
Total revenue and other support	8,841,459	(13,335)	8,828,124	8,967,472
Expenses				
Family Church	3,455,313	-	3,455,313	3,105,453
Claiborne Christian School	3,120,119	-	3,120,119	3,310,734
Claiborne Christian K4	403,025	-	403,025	364,226
Claiborne Christian Preschool	1,500,273	-	1,500,273	1,698,514
Claiborne Christian Cafeteria	477,615	-	477,615	458,129
Total expenses	8,956,345	-	8,956,345	8,937,056
Change in net assets	(114,886)	(13,335)	(128,221)	30,416
Net assets-beginning of year	15,013,128	62,594	15,075,722	15,045,306
Net assets-end of year	$ 14,898,242	$ 49,259	$ 14,947,501	$ 15,075,722

CLAIBORNE CHURCH OF GOD, INC. (DBA FAMILY CHURCH)

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2025

	Church	School	K4	Preschool	Cafeteria	2025	2024 Summary Total
Salaries	$ 1,318,804	$ 1,612,097	$ 282,043	$ 1,052,866	$ 162,323	$ 4,428,133	$ 3,990,925
Payroll taxes	61,037	111,110	15,791	82,070	11,449	281,457	273,594
Employee benefits	171,873	207,253	66,168	83,580	32,022	560,896	492,415
Advertising	17,872	6,698	4,170	8,832	-	37,572	32,148
Professional fees	29,496	-	-	-	-	29,496	78,445
Training	187	36,842	2,580	33,411	1,329	74,349	82,214
Insurance	172,779	7,287	1,269	7,084	6,120	194,539	228,395
Supplies	86,947	111,095	10,422	18,954	264,372	491,790	436,683
Credit card fees	16,690	787	-	3,636	-	21,113	21,674
Meetings	15,502	-	-	-	-	15,502	11,741
Postage	2,776	383	-	197	-	3,356	3,631
Printing	14,808	-	-	-	-	14,808	16,612
Office	36,306	27,530	-	10,737	-	74,573	77,773
Missions	224,729	-	-	-	-	224,729	218,028
Ministries	357,466	-	-	-	-	357,466	337,361
Lunches	-	-	-	154,412	-	154,412	76,341
Repairs and maintenance	252,565	-	-	-	-	252,565	569,350
Miscellaneous	-	23,396	-	-	-	23,396	16,070
Music	-	989	-	-	-	989	1,997
Student activities	-	8,307	2,508	-	-	10,815	8,745
Athletics	-	202,677	-	-	-	202,677	209,287
Utilities	85,215	76,467	18,074	44,494	-	224,250	206,510
Interest expense	47,237	-	-	-	-	47,237	29,683
Designated programs	242,111	486,592	-	-	-	728,703	983,310
Depreciation expense	300,913	200,609	-	-	-	501,522	534,124
Total expenses	$ 3,455,313	$ 3,120,119	$ 403,025	$ 1,500,273	$ 477,615	$ 8,956,345	$ 8,937,056

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

CLAIBORNE CHURCH OF GOD, INC. (DBA FAMILY CHURCH)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024 Summary Total
Cash flows from operating activities:		
Change in net assets	$ (128,221)	$ 30,416
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	501,522	534,124
(Increase) in accounts receivable	21,519	(16,396)
(Increase) in grant funds receivable	67,391	294,912
(Increase) in accounts receivable - other	-	305,438
(Increase) decrease in prepaid assets	(14,965)	(10,471)
Increase (decrease) in accounts payable	393,344	(147,855)
Increase (decrease) in accrued payroll	(5,328)	26,926
Increase (decrease) in payroll taxes payable	7,003	(6,954)
Increase (decrease) in deferred revenue	(92,529)	9,732
Total adjustments	877,957	989,456
Net cash provided by operating activities	749,736	1,019,872
Cash flows from investing activities:		
Net (purchases) of investments	-	(2,039,769)
(Purchases) of capital assets	(1,243,865)	(25,884)
Interest receipts reinvested	(52,175)	(9,746)
Net cash (used) by investing activities	(1,296,040)	(2,075,399)
Cash flows from financing activities:		
Proceeds from long term debt	-	800,000
Principal paid on debt	(72,763)	(40,317)
Net cash (used) by financing activities	(72,763)	759,683
Net (decrease) in cash	(619,067)	(295,844)
Cash at beginning of year	4,025,962	4,321,806
Cash at end of year	$ 3,406,895	$ 4,025,962

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

NOTE 1 – DESCRIPTION OF ORGANIZATION

Claiborne Church of God, Inc. (DBA Family Church) was formed in February 1969 and operated as an unincorporated enterprise from its inception until January 10, 1995, at which time the enterprise was incorporated under the name Claiborne Church of God, Inc. (the Church). The Church operates Claiborne Christian School, a private school that enrolls children of pre-school age through the 12th grade.

The specific and primary purposes of the Church are:

1. The preaching of the gospel of Jesus Christ through the establishment of a local church in the West Monroe, Louisiana vicinity.

2. To preach and teach the gospel and further the cause of the Kingdom of God in the United States of America and in foreign lands.

3. To promote fellowship and means of cooperation between Christians and churches of like precious faith.

4. To promote freedom of worship and liberty of expression within the limits of its own statement of faith and doctrine, among its own ministers and members.

5. To establish and maintain churches, Bible and training schools, inaugurate and maintain charitable institutions, such as homes for the aged, rest homes for ministers and missionaries, orphanages, homes for the indigent and those bound by substance abuse, cemeteries and kindred institutions.

6. To maintain such relations with local, state, federal and foreign governments as may be necessary for the successful accomplishments of the purposes of the organization and for the welfare of the Church, ministers and members thereof.

7. To engage such employees as may be necessary to perform the duties involved in carrying out the Church's business.

8. To make bylaws for the government of the Church, and to alter, revise and amend the same at will.

9. To provide for its membership, rules of Christian conduct and discipline in accordance with the Word of God, in order to maintain purity and ensure the continued progress of this assembly, (see Titus chapter 2).

10. To receive contributions, to make donations and to dispense charitable contributions through, and otherwise aid and support, those organizations qualified for exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as now in effect or subsequently amended.

11. To fulfill the Great Commission of the Church by supporting missions, both foreign and domestic, and supporting those performing the work of carrying the gospel as missionaries, both corporate and individual.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Church conform to generally accepted accounting principles as applicable to voluntary health and welfare organizations. The more significant accounting policies of the Church are described below:

A. Basis of Accounting

The financial statements of the Claiborne Church of God, Inc., have been prepared on the accrual basis and, accordingly, reflect all significant receivables, payables, and other liabilities.

B. Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

<u>Net Assets Without Donor Restriction</u> – Net assets available for use in general operations and not subject to donor or grantor restrictions. Certain net assets without donor restrictions may be designated by the Board for specific purposes. These designations are established by the Board and may be modified or removed at its discretion.

<u>Net Assets With Donor Restrictions</u> – Net assets subject to donor or grantor-imposed restrictions. Some restrictions are temporary in nature, such as those that will be met with the passage of time or the occurrence of other events. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As of June 30, 2025, the Church does not have any restrictions that are perpetual in nature

C. Property and Equipment

Purchases of improvements, and furniture and equipment are recorded at cost. All donated capital assets are recorded at fair market value on the date of the donation. Depreciation is computed on a straight-line basis over the useful lives of the assets using the following estimated lives:

	Years
Buildings	40
Furniture and Equipment	5 - 15

Building Improvements	10 - 25

Expenditures for major renewals or betterments, which extend the useful lives of property, improvements, and equipment, are capitalized. Expenditures for maintenance and repairs are expensed as incurred. The Church capitalization policy requires all physical assets acquired with costs in excess of $5,000 to be capitalized.

D. *Contributed Services*

The Church receives a substantial amount of services donated by its members in carrying out the Church's ministry. No amounts have been reflected in the financial statements for those services.

E. *Circulating Library*

The Church has not capitalized its library books or broadcasting tapes since they are considered to represent either an inexhaustible collection, whose values are not readily determinable, or a circulating library with an estimated useful life of less than one year.

F. *Noncash Donations*

The Church records noncash donations at the fair market value at the date of donation.

G. *Compensated Absences*

Vacation time is based upon length of service to the Church and the type of employment at the Church.

Twelve consecutive month full-time employees:

Years of Service	Weekly Accrual Rate	Maximum Accrual
0-4 years	0.77 hour	60 hours
5-9 years	1.10 hour	80 hours
10-14 years	1.55 hour	100 hours
15-19 years	2.31 hours	140 hours
20+ years	3.08 hours	180 hours

Ten-month employees receive vacation during Spring Break, Christmas Break, and Summer Break. Schedule will be released on a yearly basis by the School Board.

An employee may carry forward three days of vacation from one year to the next. An accrual of vacation and sick leave compensation was considered immaterial and, therefore, unnecessary.

H. *Tax Status*

The Church qualifies as a tax-exempt organization under Section 501(c)(3) if the Internal Revenue Code and comparable Louisiana law, and contributions to it are tax deductible within the limitations prescribed by the Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

I. *Cash and Cash Equivalents*

Cash and cash equivalents include investments in highly liquid debt instruments with an initial maturity of three months or less.

J. *Accounts Receivable*

The direct write-off method for recognizing credit losses is used. Under this method, the loss is charged to expenses when the account is deemed to be uncollectible in the opinion of management. Uncollectible amounts for receivables are generally not significant and therefore management feels an allowance for credit losses is not necessary.

K. *Deferred Income*

Tuition for the upcoming school year that is paid in advance is deferred and recognized in the year it is earned.

L. *Estimates*

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

M. *Advertising Costs*

Advertising costs are expensed when incurred.

N. *Prior Year Financial Information*

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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Church's financial statements for the year ended June 30, 2025. Certain amounts for the prior year may have been reclassified to conform to the current-year presentation.

NOTE 3 – FINANCIAL INSTRUMENTS

The Church maintains its cash accounts at multiple federally insured financial institutions. The cash accounts are insured by the Federal Deposit Insurance Corporation at each institution for up to $250,000. At June 30, 2025, the Church has cash balances in excess of FDIC insurance limits of approximately $1,500,00. At June 30, 2024, cash balances in excess of FDIC insurance limits were approximately $1,202,000.

NOTE 4 – INVESTMENTS

Investments held on June 30, 2025 consisted of certificates of deposit of $834,315 and mutual funds of $913,856. The certificates of deposit and annuity bear interest ranging from 3.94% - 4.35%.

Investments held on June 30, 2024 consisted of certificates of deposit of $1,066,937, mutual funds valued at $404,264 and an annuity valued at $224,796. The certificates of deposit and annuity bear interest ranging from 4.00% - 4.96%.

NOTE 5 – AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, is comprised of the following:

Cash and Cash Equivalents	$ 3,406,896
Current Value of Certificates of Deposit Maturing within One Year	1,748,171
Accounts Receivable	46,783
Total Liquid and Available Assets	$ 5,201,850

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	June 30, 2024	Additions	Deductions	June 30, 2025
Land	$ 1,882,751	$ -	$ -	$ 1,882,751
Construction in progress	419,142	1,221,436	-	1,640,578
Buildings	12,150,127	-	-	12,150,127
Improvements	2,428,598	10,270	-	2,438,868
Equipment	1,138,178	12,159	-	1,150,337
Vehicles	125,520	-	-	125,520
Furniture and fixtures	56,078	-	-	56,078
Total	18,200,394	1,243,865	-	19,444,259
Accumulated depreciation	(8,170,499)	(544,520)	42,998	(8,672,021)
Net	$ 10,029,895	$ 699,345	$ 42,998	$ 10,772,238

NOTE 7 – CONCENTRATIONS OF CONTRIBUTIONS

For the year ended June 30, 2025, five families accounted for approximately 45.34% of total contributions. These five families accounted for approximately 36.99% of total contributions for the year ended June 30, 2024.

NOTE 8 – LOUISIANA NONPUBLIC SCHOOLS EARLY CHILDHOOD DEVELOPMENT PROGRAM

The School participates in the Louisiana Nonpublic Schools Early Childhood Development Program. The Program is intended to provide at-risk four-year-old children with access to high quality, developmentally appropriate prekindergarten classes, and before and after-school enrichment activities, in either a nonpublic school or "Class A" daycare setting. For the years ended June 30, 2025, and 2024, the School received $206,676 and $297,972, respectively, in funding for its K4 program.

NOTE 9 – LOUISIANA DEPARTMENT OF EDUCATION SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE

The School participates in the Louisiana Department of Education Scholarships for Educational Excellence Program. During the fiscal year 2025, the School had 51 children who received vouchers totaling $413,265. During the fiscal year 2024, the School had 51 children who received vouchers totaling $404,394. These amounts are included in Claiborne Christian School revenue on the statement of activities.

NOTE 10 – NATIONAL SCHOOL LUNCH PROGRAM

The School participates in the National School Lunch Program. The Program is intended to reimburse participating public and nonprofit private schools, of high school grade and under, and residential childcare institutions, for breakfasts and lunches meeting the nutritional requirements prescribed by the Secretary of Agriculture, served to eligible children. For the years ended June 30, 2025 and 2024, the School received $156,866 and $241,913, respectively, in funding for its lunch program.

NOTE 11 – SUPPLY CHAIN ASSISTANCE GRANT

The SCA funds are a critical funding stream that provide an additional financial resource for school districts to purchase domestic food products as part of school districts' efforts to respond to widespread supply chain disruptions, enhance efforts to strengthen local food supply chains, and help schools to overcome financial and operational barriers while maintaining children's access to nutritious meals. For the years ended June 30, 2025 and 2024, the School received $0 and $20,969, respectively, in funding from the supply chain assistance program.

NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS

Contributions that are restricted by the donor are reported as increases in undesignated net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Net assets released from donor restrictions by incurring expenses satisfying the restriction specified by the donor were as follows:

Church Programs, 2025 $ 147,006

Church Programs, 2024 $ 222,243

NOTE 13 – LONG-TERM DEBT

Long-term debt consists of financing arrangements to purchase land adjacent to the Church property. The debt is secured by the land. At June 30, 2025, the Church had a note payable of $686,920. The note is payable in monthly installments, including interest at 6.5%. The note payable consists of the following:

Origin Bank - Loan payable at the rate of $ 10,000 including interest at 6.50%.

	Balance June 30, 2024	Loan Proceeds	Principal Payments	Balance June 30, 2025
Note payable	$ 759,683	$ -	$ 72,763	$ 686,920

The aggregate principal amounts scheduled for repayment are as follows:

Year Ending June 30,	Principal
2026	$ 77,636
2027	82,836
2028	88,383
2029	94,302
2030	
2031-2032	343,763
Total	$ 686,920

NOTE 14 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 10, 2026, the date that the financial statements were available to be issued.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

The School receives Federal and State grants for specific purposes that are subject to review and audit by governmental agencies. Such audits could result in requests for reimbursement by the grantor agency for expenditures disallowed under the terms of the grant.

SUPPLEMENTARY INFORMATION

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

FOR THE YEAR ENDED JUNE 30, 2025

Agency Head Name: Dr. Terry Taylor, Lead Pastor

Purpose	Amount
Salary	$0
Benefits - FICA	0
Benefits - Insurance	0
Benefits - Retirement	0
Total	$0

Note: The Claiborne Church of God, Inc. (dba Family Church) is a nonprofit entity that receives public funds. However, no public funds were used to pay for the compensation, reimbursements, benefits or other payments to the agency head.

OTHER REPORTS

HMV

PREMIER PLAZA
1900 N. 18TH STREET, SUITE 300 | MONROE, LOUISIANA 71201
318.388.3108 (P) | 318.429.2124 (F)

The Board of Directors
Claiborne Church of God, Inc.
West Monroe, Louisiana

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*

We have audited, 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, the financial statements of Claiborne Church of God, Inc. (DBA Family Church), (a non-profit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to financial statements, and have issued our report thereon dated July 10, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Claiborne Church of God, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Claiborne Church of God, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Claiborne Church of God, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2025-01 that we consider to be significant deficiencies.

HEARD, MCELROY & VESTAL, LLC
LOUISIANA | TEXAS
WWW.HMVCPA.COM

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Claiborne Church of God, Inc.'s financial statements are free of material misstatement, 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 responses as item 2025-02.

Claiborne Church of God, Inc.'s Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on Claiborne Church of God Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Claiborne Church of God, Inc.'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.

Heard, McElroy & Vestal, LLC

Monroe, Louisiana
July 10, 2026

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the financial statements of Claiborne Church of God, Inc.

2. No material weaknesses were disclosed during the audit of the financial statements.

3. There was one significant deficiency disclosed in the audit of the financial statements.

4. There was one instance of noncompliance, as defined by *Government Auditing Standards*, to the financial statement.

B. Findings - Financial Statement Audit

2025-01: Separation of Duties

Condition: The Church has a small number of people performing a variety of duties, some of which may be incompatible. For instance, the person who handles cash receipts should not record the payments to the accounts receivable detail ledger. Also, the person who writes checks should not reconcile the bank statement each month.

Criteria: Separation of duties is necessary to ensure the separation of the recording of assets and the custody of those assets.

Cause: The small accounting staff causes multiple duties to be perfo1med by the same person.

Effect: Separating these duties will improve internal controls over cash and other assets and reduce the possibility of errors and irregularities.

Recommendation: This may be done without hiring more personnel. This situation dictates that the Board remains involved in the financial affairs of the Church to provide oversight and independent review functions. We recommend monthly bank statements and credit card statements be reviewed for accuracy and approved by an employee independent of the responsibility of reconciling the statements and paying the credit card invoices.

Management's Response: The Church feels that it is not cost beneficial to hire another employee or give this responsibility to an existing employee because of the work involved.

2025-02: Compliance with Annual Filing Deadline

Condition: The Church did not timely file its annual reports for the year ended June 30, 2025.

Criteria: Louisiana Revised Statute 24:513 requires timely filing of annual reports within six months after the end of the fiscal year.

Cause: The delay was primarily attributable to the transition of a new audit firm.

Effect: The Church was not in compliance with state statute.

Recommendation: We recommend that the Church and the auditor ensure that the report is uploaded by the statutory due date in future years.

Management's Response: The Church will ensure that the audit is filed by the due date in the future.

2024-01: Separation of Duties

Condition: The Church has a small number of people performing a variety of duties, some of which may be incompatible. For instance, the person who handles cash receipts should not record the payments to the accounts receivable detail ledger. Also, the person who writes checks should not reconcile the bank statement each month.

Recommendation: This may be done without hiring more personnel. This situation dictates that the Board remains involved in the financial affairs of the Church to provide oversight and independent review functions. I recommend monthly bank statements and credit card statements should be reviewed for accuracy and approved by an employee independent of the responsibility of reconciling the statements and paying the credit card invoices.

Current Status: Repeated as finding 2025-01.

Claiborne Church of God, Inc. (DBA Family Church)

Agreed-Upon Procedures Report
July 1, 2024 through June 30, 2025

HMV
CERTIFIED PUBLIC
ACCOUNTANTS

HMV

PREMIER PLAZA
1900 N. 18TH STREET, SUITE 300 | MONROE, LOUISIANA 71201
318.388.3108 (P) | 318.429.2124 (F)

Board of Directors
Claiborne Church of God, Inc.
West Monroe, Louisiana

Louisiana Legislative Auditor
Baton Rouge, Louisiana

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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 July 1, 2024 through June 30, 2025. Management of Claiborne Church of God, Inc. is responsible for those C/C areas identified in the SAUPs. These Statewide Agreed-Upon Procedures were applied only to Claiborne Church of God, Inc.'s control and compliance areas, as these are the areas that involve the use of public monies.

Claiborne Church of God, Inc. 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 July 1, 2024 through June 30, 2025. 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:

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) ***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)

h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statutes 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.

Findings: Eleven exceptions where the entity did not have written policies on the topics listed above.

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:

    a) 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.

b) For those entities reporting on the nonprofit 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.

c) 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.

Findings: Procedure was not performed as the entity was exempt from testing.

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:

   a) 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);

   b) Bank reconciliations include 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, electronically logged); and

   c) 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.

Findings: Two exceptions noted. One bank account did not have evidence that it was prepared within 2 months of the related statement closing date and did not have evidence that a member of management or the board that does not handle cash, post ledgers, or issue checks had reviewed the bank reconciliation within one month of preparation.

Collections (excluding electronic funds transfers)

4. 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).

5. 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 (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, 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:

   a) Employees responsible for cash collections do not share cash drawers/registers.

b) 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.

c) 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.

d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

6. 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.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliation procedure #3 (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). *Alternately, 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:

a) Observe that receipts are sequentially pre-numbered.

b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

c) Trace the deposit slip total to the actual deposit per the bank statement.

d) 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).

e) Trace the actual deposit per the bank statement to the general ledger.

Findings: Procedure was not performed as the entity was exempt from testing.

Non-Payroll Disbursements (excluding card purchases/payments, 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 #8 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, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

b) At least two employees are involved in processing and approving payments to vendors.

c) 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.

d) 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.

e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (ETF), wire transfer, or some other electronic means.

10. For each location selected under #8 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:

    a) Observe whether the disbursement, whether by paper or electronic means, matched the related original invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

    b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure 3, 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.

Findings: No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

12. 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, 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.

13. 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., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

b) Observe that finance charges and late fees were not assessed on the selected statements.

14. Using the monthly statements or combined statements selected under procedure #13 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 (i.e. each card should have 10 transactions subject to testing). 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.

Findings: Eleven exceptions noted where there was not an original itemized receipt that identified precisely what was purchased, written documentation of the business/public purchase, or documentation of the individuals participating in meals.

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

15. 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, 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:

    a) 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 or the U.S. General Services Administration (www.gsa.gov).

    b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

    c) 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 #1.h).

    d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings: Procedure was not performed as the entity was exempt from testing.

Contracts

16. 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. *Alternately, 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:

a) 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.

b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

c) 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

d) 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.

Findings: Procedure was not performed as the entity was exempt from testing.

Payroll and Personnel

17. 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.

18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #17 above, obtain attendance records and leave documentation for the pay period, and:

    a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

    b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

    c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

    d) Observe that the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

19. 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, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee's or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

20. 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, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Findings: Procedure was not performed as the entity was exempt from testing.

Ethics

21. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

    a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.

    b. Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Findings: Not applicable.

Debt Service

23. 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.

24. 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).

Findings: Not applicable.

Fraud Notice

25. 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.

26. 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.

Findings: Procedure was not performed as the entity was exempt from testing.

Information Technology Disaster Recovery/Business Continuity

27. 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 that such backup (a) occurred within the past week, (b) was not stored on the entity'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.

28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

29. Randomly Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, 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. 42:12671. The requirements are as follows:

Findings: We performed the procedure and discussed the results with management.

Prevention of Sexual Harassment

30. 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.

31. 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).

32. 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:

a. Number and percentage of public servants in the agency who have completed the training requirements;

b. Number of sexual harassment complaints received by the agency;

c. Number of complaints which resulted in a finding that sexual harassment occurred;

d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

e. Amount of time it took to resolve each complaint.

Findings: Not applicable.

Management's Response

We agree with the results of the procedures and will address the identified exceptions.

We were engaged by Claiborne Church of God, Inc. (DBA Family Church) 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 Claiborne Church of God, Inc. 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.

Heard, McElroy & Vestal, LLC

Monroe, Louisiana
July 10, 2026