

FINANCIAL STATEMENTS
VICTORY HARVEST CHURCH
For the Year ended
January 31, 2020

Michael R. Choate & Company
Certified Public Accountants

FINANCIAL STATEMENTS

VICTORY HARVEST CHURCH

**For the Year ended
January 31, 2020**

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VICTORY HARVEST CHURCH
Baton Rouge, Louisiana

January 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Victory Harvest Church
Baton Rouge, Louisiana

We have audited the accompanying financial statements of Victory Harvest Church. (a nonprofit organization) (the "Organization"), which comprise the Statement of Financial Position as of January 31, 2020, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair representation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial states referred to above present fairly, in all material respects the financial position of the Organization as of January 31, 2020, and the changes in its net assets and its cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis as required by the U.S. Department of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. In addition, Louisiana Revised Statute 24:513(A)(3), as amended, requires the Council to present a supplemental schedule of Compensation, Benefits and Other Payments Made to the Council's Executive Director for the fiscal year. This schedule is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare 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 March 31, 2021, on our consideration of the Organization's internal control over financial reporting and on our test of its compliance with certain laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control over financial reporting and compliance.

March 31, 2021


Michael R. Choate & Company, CPAs

VICTORY HARVEST CHURCH
STATEMENT OF FINANCIAL POSITION
As of January 31, 2020

ASSETS

	<u>Victory Church</u>	<u>Victory Academy</u>
Current Assets		
Cash and cash equivalents	\$ 111,379	\$ 233,744
Grants receivable	-	428,484
Prepaid expenses	275	-
	111,654	662,228
Property and Equipment, net	2,599,232	4,932,467
Total Assets	\$ 2,710,886	\$ 5,594,695

LIABILITIES AND NET ASSETS

Current Liabilities		
Note payable - Credit Union	\$ 120,916	\$ -
Note payable - SBA PPP	-	166,020
Note payable - LaCapitol	-	206,364
Accounts payable	9,675	5,914
Unearned tuition income	-	62,809
Payroll liabilities	14,324	2,078
Total Current Liabilities	144,915	443,185
Long Term Liabilities		
Note payable - related party	540,065	-
Note payable - LaCapitol	-	2,193,128
Total Long Term Liabilities	540,065	2,193,128
Net Assets		
Unrestricted, without donor restrictions	2,025,906	2,958,382
Total Net Assets	2,025,906	2,958,382
Total Liabilities and Net Assets	\$ 2,710,886	\$ 5,594,695

See accompanying notes to financial statements.

**VICTIORY HARVEST CHURCH
STATEMENT OF ACTIVITIES
For the Year Ended January 31, 2020**

	<u>Victory Church</u>	<u>Victory Academy</u>
Unrestricted Revenues and Support:		
Tithes & Offerings	\$945,258	\$ -
Grant income - FEMA	-	774,626
Tuition & registration income	-	974,337
PTF income	-	38,006
Contributions	69,833	12,532
Special events	18,739	6,120
Athletic income	-	30,461
Childcare income	-	26,898
Rental income	19,750	-
Other revenue	6,146	752
Total Unrestricted Revenues and Support	1,059,726	1,863,732
Expenses:		
Program services	657,973	948,955
Supporting services	457,353	500,216
Fundraising	11,745	50,011
Total Expenses	1,127,071	1,499,182
(Decrease) Increase in Net Assets	(67,345)	364,550
Net assets at beginning of year	2,093,251	2,593,832
Net assets at end of year	\$ 2,025,906	\$ 2,958,382

See accompanying notes to financial statements.

VICTORY HARVEST CHURCH
STATEMENT OF FUNCTIONAL EXPENSES - Church
For the Year Ended January 31, 2020

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total Expenses</u>
		<u>Management and General</u>	<u>Fundraising</u>		
Salaries	\$ 189,225	\$ 98,540	\$ -	\$ 287,765	
Payroll Taxes	15,138	1,237	-	16,375	
Total Salaries and Payroll Taxes	<u>204,363</u>	<u>99,777</u>	<u>-</u>	<u>304,140</u>	
Stage design / sermons	1,379	216	-	1,595	
Church programs	43,790	-	-	43,790	
Housing allowance	66,681	-	-	66,681	
Contract Labor	1,800	-	-	1,800	
Special Events	-	-	11,316	11,316	
Missions	36,901	-	-	36,901	
Travel	1,801	-	-	1,801	
Employee benefits	-	95,136	-	95,136	
Computer expense	-	13,549	-	13,549	
Maintenance and repairs	-	13,160	-	13,160	
Benevolence	14,620	5,846	-	20,466	
Insurance	-	46,353	-	46,353	
Advertising/media	-	-	429	429	
Telephone/internet	-	3,773	-	3,773	
Childrens' Church	28,014	-	-	28,014	
Hospitality	3,425	-	-	3,425	
Music Ministry	14,489	-	-	14,489	
Legal/Professional	-	18,087	-	18,087	
Janitorial	-	794	-	794	
Miscellaneous	1,052	300	-	1,352	
Radio Amor	77,511	-	-	77,511	
Postage	-	633	-	633	
Bank charges	-	8,850	-	8,850	
Supplies	11	1,676	-	1,687	
Nursery expense	8,497	-	-	8,497	
Spanish Church	135,678	-	-	135,678	
Youth programs	17,961	-	-	17,961	
Utilities	-	38,537	-	38,537	
Auto expenses	-	602	-	602	
Total Expenses Before Depreciation	453,610	247,512	11,745	712,867	
Depreciation	-	110,064	-	110,064	
Total Expenses	\$ 657,973	\$ 457,353	\$ 11,745	\$ 1,127,071	
 Percentage of Total Expenses	 58%	 41%	 1%	 100%	

See accompanying notes to financial statements.

VICTORY HARVEST CHURCH
STATEMENT OF FUNCTIONAL EXPENSES - Academy
For the Year Ended July 31, 2020

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Salaries	\$ 669,661	\$ 150,581	\$ -	\$ 820,242
Payroll Taxes	51,062	12,360	-	63,422
Total Salaries and Payroll Taxes	<u>720,723</u>	<u>162,941</u>	<u>-</u>	<u>883,664</u>
Athletic Expenses	15,347	-	-	15,347
Advertising	-	-	3,680	3,680
Housing allowance	-	-	-	-
Contract labor	-	15,550	-	15,550
Special Events	-	-	697	697
Benevolence	-	-	-	-
Cafeteria expense	1,200	-	-	1,200
Employee benefits	-	-	-	-
Computer expense	4,290	-	-	4,290
Maintenance and repairs	-	24,236	-	24,236
Class room	2,991	-	-	2,991
Insurance	349	2,273	-	2,622
Textbooks	24,963	154	-	25,117
Telephone/internet	-	8,677	-	8,677
Accounting	-	-	-	-
Library expense	3,296	-	-	3,296
Interest	-	142,565	-	142,565
Year books	1,080	-	-	1,080
Legal	-	-	-	-
Janitorial	-	22,121	-	22,121
Miscellaneous	-	3,543	-	3,543
Pest control	-	812	-	812
Postage	-	35	-	35
Bank charges	62	16,630	-	16,692
Supplies	-	10,437	-	10,437
Licenses and fees	-	-	-	-
Parent- Teacher expenses	57	-	45,634	45,691
Utilities	-	15,550	-	15,550
Activities expense	317	-	-	317
Total Expenses Before Depreciation	<u>53,952</u>	<u>262,583</u>	<u>50,011</u>	<u>366,546</u>
Depreciation	<u>174,280</u>	<u>74,692</u>	<u>-</u>	<u>248,972</u>
Total Expenses	<u>\$ 948,955</u>	<u>\$ 500,216</u>	<u>\$ 50,011</u>	<u>\$ 1,499,182</u>
Percentage of Total Expenses	<u>63.30%</u>	<u>33.37%</u>	<u>3.34%</u>	<u>100%</u>

See accompanying notes to financial statements.

**VICTORY HARVEST CHURCH
STATEMENT OF CASH FLOWS
For the year ended January 31, 2020**

	<u>Victory Church</u>	<u>Victory Academy</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (67,345)	\$ 364,550
Depreciation expense	110,064	248,972
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Decrease (Increase) in operating assets:		
Grants receivable	-	119,054
Prepaid expenses	(110)	-
(Decrease) Increase in operating liabilities:		
Accounts payable	9,675	5,914
Unearned tuition income	-	(9,106)
Accrued expenses and other	13,737	67
	66,021	729,451
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Purchase of fixed assets	(24,984)	(817,420)
	(24,984)	(817,420)
NET CASH USED BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Related party loan payments	(6,000)	-
Bank loan payments - building improvements	-	(24,950)
Bank line of credit payments	(3,821)	-
Bank loan proceeds - SBA PPP	-	166,020
	(9,821)	141,070
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES		
NET INCREASE IN CASH AND CASH EQUIVALENTS	31,216	53,101
CASH AND CASH EQUIVALENTS, beginning of year	80,163	180,643
CASH AND CASH EQUIVALENTS, end of year	\$ 111,379	\$ 233,744

See accompanying notes to financial statements.

VICTORY HARVEST CHURCH
NOTES TO FINANCIAL STATEMENTS
For the Year ended January 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

VICTORY HARVEST CHURCH (a nonprofit organization) (the “Organization”) was established in 1974 and is a 501(c)(3) non-profit, non-discriminatory organization with a voluntary Board of Directors. Victory Harvest Church also operates a k- 8th grade school, Victory Academy. The school was established in 1980.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities. Victory Harvest Church reports operations on a fiscal year ending January 31 while Victory Academy reports school operations on a fiscal year ending July 31.

Basis of Presentation

Financial statement presentation follows the reporting requirements of the Not-For-Profit Entities Topic of FASB, ASC , which establishes external financial reporting for not-for profit organizations that include basic financial statement classifications of resources into two separate classes of net assets, as follow:

- Without donor restrictions – Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.
- With donor Restrictions – Net assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled and removed by the actions of the Organization pursuant to such situations.
Net assets whose use by the Organization is limited by donor-imposed stipulation that neither expire with the passage of time nor can be fulfilled and removed by the actions of the Organization.

The classification of net assets into two separate groupings described above is based on criteria established by the Financial Accounting Standards Board, which are not necessarily consistent with regulations of the Internal Revenue Service concerning restrictions on donations.

Donated Services

No amounts have been reflected in the financial statements for donated services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs and assignment.

Contributions

In accordance with the *Accounting for Contributions Received and Contributions Made* Topic of FASB ASC (FASB ASC 958), contributions received are recorded as unrestricted, temporarily restricted or permanently restricted depending on the existence or nature of any donor restrictions. If donor restrictions are met in the same accounting period then assets are listed as unrestricted.

Other Revenue

The Organization receives other revenue from miscellaneous events and fund raisers that are held periodically. There are no restrictions on this income and is disclosed as other revenue under unrestricted revenue in the financial statements.

Functional Allocation of Expense

The costs of providing the Organization's programs and services have been summarized on a functional basis in the Statement of Functional Expenses. Management and general expenses include those expenses that are not directly identifiable with any other specific functions but provide for the overall support and direction of the Organization.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48 (FIN48), *Accounting for the Uncertainty in Income Taxes*, which clarifies the accounting for income taxes recognized in the financial statements in accordance with Statements of Financial Accounting Standard ("SFAS 109"), Accounting for Income Taxes (FASB Accounting Standards Codification (ASC 740, Income Taxes). FIN 48 provides that a tax benefit from an uncertain tax position may be recognized when it is more-likely-than-not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits.

Public Support and Revenue

The Organization receives its support primarily from Church tithes and donations. The School receives its support primarily from tuition and fees.

Irrevocable promises to give and outright contributions are recorded as revenue on the accrual basis as they are received, and allowances are provided for promises to give estimated to be uncollectible. Promises to give and contributions are principally received from corporate, foundation, and individual donors around the United States.

Promises to give and contributions are considered available for unrestricted use unless specifically restricted by donors. Irrevocable promises to give which relate to a subsequent year are recorded as receivables and temporarily restricted net assets in the year the commitment is received. Contributions whose donor restrictions are met in the same reporting period are reported as unrestricted support.

All contributions are considered to be available for unrestricted use 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 temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. If the expenses related to temporarily restricted revenues occur in the same year the revenues are received, these revenues are recorded as unrestricted.

Cash and Cash Equivalents

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

Property and Equipment

The purchase of property and equipment is recorded at cost. It is the Organization's policy to capitalize expenditures for these items in excess of \$1,000. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Property and equipment are depreciated using the straight-line method over their estimated useful lives of 5 to 30 years.

Generally, when items of property are retired or disposed of, the cost and relate accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the

Statement of Activities. Expenditures for repairs and maintenance are charged to expense.

Advertising

Advertising costs are expensed as incurred.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - GRANTS RECEIVABLE

Grant receivable of \$428,484 at July 31, 2020 is comprised of grants receivable from FEMA and the State of Louisiana Governor's Office of Homeland Security and Emergency Preparedness.

NOTE 3 – PROPERTY AND EQUIPMENT

The costs and related accumulated depreciation of property and equipment consisted of the following at January 31 and July 31, 2020

	<u>Church</u>	<u>Academy</u>
Land and improvements	\$307,690	-
Buildings and improvements	3,891,905	\$4,879,366
Furniture and fixtures and equipment	<u>104,565</u>	<u>470,355</u>
Total property and equipment	4,304,160	5,349,721
Less accumulated depreciation	<u>(1,704,928)</u>	<u>(417,254)</u>
Property and equipment, net	<u>\$2,599,232</u>	<u>\$4,932,246</u>

Depreciation expense was \$110,064 for the Church and \$248,972 for the School for the year ended January 31, and July 31, 2020.

NOTE 4 – LEASE COMMITMENTS

On March 16, 1992, the Organization (lessor) entered into a ninety-nine (99) year land lease with a related party nonprofit organization. A Board member of the Organization is an authorized agent for the leasing nonprofit organization. The rent to be collected by the Organization is \$1,200 per year.

NOTE 5 – FINANCIAL VIABILITY AND SUSTAINABILITY

The Organization has cash reserves, receivables and bank lines of credit available within one year of the balance sheet date to meet cash needs and pay general expenses in the amount of \$773,607.

NOTE 6 - CONTINGENCIES

The Organization receives a significant portion of its revenue from FEMA reimbursement grants and contracts, all of which are subject to audit by the government. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and are subject to audit by the government. Until such audits, if any, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from any such audit.

NOTE 7 - RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts; theft of, damage of, and destruction of assets; errors and omissions, and natural disasters for which the Organization carries commercial insurance. There have been no significant reductions in coverage from prior years.

NOTE 8 – BOARD OF DIRECTORS

The Board of Directors serves and directs the Organization on a voluntary basis. The Board does not receive compensation.

NOTE 9 – NOTES PAYABLE

The Organization has several bank loans at year end:

A bank loan balance of \$2,399,492 is secured by buildings and contents and requires monthly payments of \$17,197 including interest at 5.5%. Current maturities equal 206,364 while the long term portion is \$2,193,128.

A SBA Payroll Protection Plan loan for \$166,020 was obtained to help cover payroll costs during the COVID 19 economic shutdown in April – June 2020. The loan is expected to be forgiven by SBA in 2021.

NOTE 10 - RELATED PARTY TRANSACTIONS

The Organization has the following transactions with related organizations and related persons during the year ended January 31, 2020:

One of the original founders and current board member has loaned the Organization \$540,065. No formal note was executed and no formal repayment schedule is required. Interest of .5% is being charged

NOTE 11 – UNCERTAINTIES : COVID-19 PANDEMIC

A world-wide pandemic has caused severe economic and health damages to the U.S. beginning mid March 2020. According to John Hopkins, as of the date of this report, over 30 million U.S cases have been confirmed with over 550,000 deaths. The Center for Disease Control and the President have issued a 3-step phase-in of requirements for allowing businesses, schools and other entities to resume normal activities. The U.S Congress approved a \$2 trillion relief package on March 27, 2020. Additional \$ trillion relief packages have also been approved.

The Governors have issued mandates and orders which further restrict business and further restrict citizens. Schools delayed opening in the fall of 2020. Restaurants and retail are only partially open nationwide. Hospitality, amusements, airlines and cruise lines have been hardest hit.

In this environment, Victory Harvest Church and Victory Academy has continued to provide services and fulfill its mission. A SBA Payroll Protection Plan loan for \$65,500 was obtained to help cash flow. This loan is expected to be forgiven by SBA in 2021. The overall impact of the pandemic on the Organization is unknown at this time.

NOTE 12 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 31, 2021, which is the date the financial statements were available to be released. No additional disclosures necessary.

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 Board of Directors,
Victory Harvest Church
Baton Rouge, 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 the governmental activities, each major fund, and the aggregate remaining fund information of Victory Harvest Church., Baton Rouge Louisiana, (the Organization) as of and for the year ended January 31, 2020, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated March 31, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify significant deficiencies that merit the attention of management.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purposes 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 entity’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Baton Rouge, Louisiana,
March 31, 2021


Michael R. Choate & Company, CPAs

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Directors
Victory Harvest Church.
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Victory Harvest Church (a nonprofit organization) (the "organization") compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs for the year ended January 31, 2020. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management Responsibility

Management is responsible for compliance with the requirement of laws, regulations, contracts, and grants to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization 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 January 31, 2020.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists 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 the type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in the internal control over compliance, such that there is a reasonable possibility that material noncompliance with the 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We did identify one instance of a significant deficiency which deserves Management's attention (see page 22 Finding).

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

March 31, 2021



Michael R. Choate & Company, CPAs

VICTORY HARVEST CHURCH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended January 31, 2020

Federal Grantor/ Pass-Through Grantor / Program Title	Federal CFDA Number	Total Award	Prior Year Expenditures	Current Year Expenditures
U.S Department of Homeland Security				
Passed through the Louisiana State Department				
Governors Office of Homeland Security and				
Emergency Preparedness				
	*97.036			
Emergency Declaration Number FEMA-DR-4277				
Louisiana Severe Storms and Flooding Event				
Victory Harvest Church FIPS #033-UDOKD-00				
PW 985		\$ 219,222	\$ 170,189	\$ 9,000
PW 1122		2,132,949	1,446,504	424,946
PW 1135		50,084	45,076	-
Victory Academy FIPS #033-U708-00				
PW 342		767,262	457,598	56,612
PW 948		925,531	363,070	284,068
		<u>\$ 4,095,048</u>	<u>\$ 2,482,437</u>	<u>\$ 774,626</u>
Total Expenditures of Federal Awards		<u>\$ 4,095,048</u>	<u>\$ 2,482,437</u>	<u>\$ 774,626</u>

* Identified as a major program

See Accompanying Note to the Schedule of Expenditures of Federal Awards

VICTORY HARVEST CHURCH
NOTE TO THE SCHEDULE OF EXENDITURES OF
FEDERAL AWARDS
For Year Ended January 31, 2020

NOTE A – BASIS OF ACCOUNTING

The accompanying Schedule of Federal Awards included the federal grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

Overhead allocation: The Auditee elected to use the 10% de minimis overhead cost rate.

**Schedule of Compensation, Benefits and Other Payments to the
Council's Executive Director**

**Victory Harvest Church
Baton Rouge, Louisiana
For the year ended January 31, 2020**

Executive Director's (Agency Head) Name: Benjamin Workman

Purpose	Amount
Salary	\$ 73,000
Benefits-insurance (health and life)	
Benefits-retirement	
Benefits-Other (describe)	
Benefits-Other (describe)	
Benefits-Other (describe)	
Car allowance	
Vehicle provided by government (enter amount reported on W-2)	
Per diem	
Reimbursements/ 1099	15,550
Travel	
Registration fees	
Conference travel	
Housing	
Unvouchered expenses (example: travel advances, etc.)	
Special meals	
Other - Petty Cash Reimbursements	

VICTORY HARVEST CHURCH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended January 31, 2020

A. SUMMARY OF THE AUDITOR'S RESULTS

- The Auditor's report expresses an unqualified opinion on the financial statements of Victory Harvest Church (a nonprofit organization) (the "Organization").
- No instances of noncompliance material to the financial statements of the Organization were disclosed and identified during the audit.
- No instance of a significant deficiency in internal control over financial reporting were reported in the *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*.
- No instance of noncompliance material to the financial statements of the Organization are reported in the *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*.
- The Independent Auditor's Report on Compliance for Each *Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133* expressed an unqualified opinion on all major federal programs.
- The auditor's report on compliance for the major federal programs award programs for the Organization expresses an unqualified opinion on all major federal programs.
- There was one finding that was required to be reported in accordance with Section 510(a) of OMB Circular A-133. (See page 22)
- No management letter was issued for the year ended January 31, 2020.
- The program tested as a major program for the year January 31, 2020 was:

U.S Department of Homeland Security – CFDA #97.036)
Passed through the Louisiana State Department
Governor's Office of Homeland Security and Emergency Preparedness.

- The threshold for distinguishing between Type A and Type B programs was \$750,000.
- The Organization was determined to be a high-risk auditee.
- **U.S Department of Homeland Security-
Passed thru the Louisiana State Department
Governor’s office of Homeland Security and Emergency Preparedness.
CFDA #97.036**

Compliance requirement: Timely filing of annual audit

Type of Finding: Compliance

Criteria: The sub-recipient of FEMA grant funds must submit an audit report within nine months after the end of the fiscal year.

Condition: As part of the audit we noted that the selection of the auditor and submission of the audit report was delinquent.

Cause: First time recipient and confusion added by COVID 19 and disruption of operations by severe storms of 2020.

Effect: Delinquent audit reports could jeopardize collection of additional federal funds.

Questioned costs: not applicable.

Context/ Sampling: not applicable.

Repeat finding: not applicable.

Recommendation: Management should ensure that auditors are timely engaged and audit reports are timely submitted. An audit committee could be formed to oversee audit process. This is believed to be an isolated incident.

Views of Responsible Officials: Management agrees with the finding.

**VICTORY HARVEST CHURCH
SUMMARY SCFHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended January 31, 2019**

SECTION I – FINDINGS RELATED TO THE FINANCIAL STATEMENTS

Not applicable.

**SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR
FEDERAL AWARD PROGRAMS**

Not applicable.

SECTION III – MANAGEMENT LETTER

Not applicable.



VICTORY

• • • • •
Harvest Church

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VICTORY HARVEST CHURCH
Management's Response to Findings and Corrective Actions Plan
For the Year Ended January 31, 2020

Michael R Choate and Company CPAs
2915 S Sherwood Forest Blvd
Baton Rouge, LA 70816

Dear Mr. Choate,

We have read the audit report for the year ending January 31, 2020 and the related findings and questioned costs. We agree with the finding that the audit report was submitted late (more than nine months after year end). This was an isolated incident primarily caused by COVID-19 issues and severe storms that disrupted our operations.

We will implement your recommendations regarding Compliance with audit filing deadlines and improved monitoring of the audit process.

Sincerely,

Benjamin Workman, Executive Director