

**Families Helping Families
of Greater Baton Rouge, Inc.
Baton Rouge, Louisiana
June 30, 2020**

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**HAWTHORN
WAYMOUTH
& CARROLL, L.L.P.**
Certified Public Accountants

Louis C. McKnight, III, CPA
Charles R. Pevey, Jr., CPA
David J. Broussard, CPA
Brittany B. Thames, CPA
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Independent Auditor's Report

Board of Directors
Families Helping Families of Greater Baton Rouge, Inc.
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Families Helping Families of Greater Baton Rouge, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Families Helping Families of Greater Baton Rouge, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2020, on our consideration of Families Helping Families of Greater Baton Rouge, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Families Helping Families of Greater Baton Rouge, 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 Families Helping Families of Greater Baton Rouge, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Families Helping Families of Greater Baton Rouge, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 7, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it was derived.

Hawthorn, Waymouth & Carroll, L.L.P.

November 25, 2020

Families Helping Families of Greater Baton Rouge, Inc.
Statement of Financial Position
June 30, 2020
With Summarized Comparative Totals as of June 30, 2019

Assets

	2020	2019
Current Assets		
Cash and cash equivalents	\$ 310,253	\$ 182,392
Accounts receivable, net	52,007	53,189
Taxes receivable	-	1,211
Prepaid expenses	71	1,716
Total current assets	362,331	238,508
Property and Equipment, net	466,733	468,916
Total assets	\$ 829,064	\$ 707,424

Liabilities and Net Assets

Current Liabilities		
Current maturities of long-term debt	\$ 58,021	\$ 19,736
Unrelated business income taxes payable	6,494	-
Accounts payable	8,591	11,690
Accrued liabilities	34,600	39,314
Total current liabilities	107,706	70,740
Long-Term Debt, less current maturities	326,497	299,897
Total liabilities	434,203	370,637
Net Assets		
Without donor restrictions	368,063	336,787
With donor restrictions	26,798	-
Total net assets	394,861	336,787
Total liabilities and net assets	\$ 829,064	\$ 707,424

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

Families Helping Families of Greater Baton Rouge, Inc.
Statement of Activities
Year Ended June 30, 2020
With Summarized Comparative Totals for the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Revenue and Other Support				
Contracts	\$ 474,380	\$ -	\$ 474,380	\$ 464,130
Fundraising and charitable gaming	71,969	-	71,969	129,314
Contributions	95,424	26,798	122,222	28,687
Rent	14,400	-	14,400	14,400
Interest	1,824	-	1,824	1,147
Miscellaneous	12,901	-	12,901	2,570
Net assets released from restrictions	-	-	-	-
Total revenue and other support	<u>670,898</u>	<u>26,798</u>	<u>697,696</u>	<u>640,248</u>
Expenses				
Program	487,555	-	487,555	442,364
Management and general	78,634	-	78,634	121,859
Fundraising	57,311	-	57,311	58,444
Total expenses	<u>623,500</u>	<u>-</u>	<u>623,500</u>	<u>622,667</u>
Change in Net Assets Before				
Unrelated Business Income Tax	47,398	26,798	74,196	17,581
Unrelated Business Income Tax	<u>16,122</u>	<u>-</u>	<u>16,122</u>	<u>10,170</u>
Change in Net Assets	31,276	26,798	58,074	7,411
Net Assets, beginning of period	<u>336,787</u>	<u>-</u>	<u>336,787</u>	<u>329,376</u>
Net Assets, end of period	<u>\$ 368,063</u>	<u>\$ 26,798</u>	<u>\$ 394,861</u>	<u>\$ 336,787</u>

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

Families Helping Families of Greater Baton Rouge, Inc.
Statement of Functional Expenses
Year Ended June 30, 2020
With Summarized Comparative Totals for the Year Ended June 30, 2019

	Program Services					Management and General	Fundraising	2020 Total	2019 Total
	Behavioral Health	RCASD	LA Dept of Education	Other Programs	Total Program				
Accounting services	\$ 386	\$ 240	\$ 211	\$ 605	\$ 1,442	\$ 671	\$ 1,021	\$ 3,134	\$ 3,109
Advertising	490	250	236	624	1,600	3,647	-	5,247	1,708
Consulting	110	108	108	254	580	189	-	769	22,180
Contract labor	660	194	187	1,160	2,201	339	1,125	3,665	2,650
Depreciation	2,056	2,056	1,028	6,166	11,306	3,027	-	14,333	15,540
Education and training	1,101	-	-	-	1,101	-	-	1,101	10,003
Insurance	3,491	2,007	1,883	5,064	12,445	2,187	239	14,871	12,209
Occupancy	4,764	2,630	2,066	5,242	14,702	4,543	-	19,245	18,150
Office	611	308	266	1,223	2,408	2,053	770	5,231	6,930
Payroll	121,807	56,503	47,887	127,537	353,734	37,857	11,014	402,605	393,404
Payroll taxes	10,076	4,710	3,975	10,781	29,542	2,868	1,083	33,493	31,790
Professional fees	15,100	-	-	108	15,208	9,005	2,220	26,433	20,165
Rent	444	138	120	370	1,072	285	30,337	31,694	15,468
Repairs and maintenance	658	268	256	683	1,865	897	-	2,762	1,692
Stipends	4,715	-	-	-	4,715	1,416	-	6,131	3,919
Supplies	13,007	683	607	3,375	17,672	5,151	9,502	32,325	39,269
Travel and meetings	3,671	341	133	916	5,061	1,198	-	6,259	7,971
Interest	3,261	1,816	1,725	4,099	10,901	3,246	-	14,147	16,510
Miscellaneous	-	-	-	-	-	55	-	55	-
Total expenses	\$ 186,408	\$ 72,252	\$ 60,688	\$ 168,207	\$ 487,555	\$ 78,634	\$ 57,311	\$ 623,500	\$ 622,667

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

Families Helping Families of Greater Baton Rouge, Inc.
Statement of Cash Flows
Year Ended June 30, 2020
With Summarized Comparative Totals for the Year Ended June 30, 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 58,074	\$ 7,411
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	14,333	15,540
(Increase) Decrease in assets:		
Accounts receivable	1,182	(19,003)
Taxes receivable	1,211	(1,211)
Prepaid expenses	1,645	(1,546)
Increase (Decrease) in liabilities:		
Accounts payable	(3,099)	7,103
Accrued liabilities	(4,714)	13,945
Unrelated business income taxes payable	6,494	(2,399)
	<u>75,126</u>	<u>19,840</u>
Net cash provided by operating activities		
Cash Flows from Investing Activities		
Purchase of property and equipment	<u>(12,150)</u>	<u>-</u>
Net cash used in financing activities	<u>(12,150)</u>	<u>-</u>
Cash Flows from Financing Activities		
Proceeds from long-term debt	84,453	-
Principal payments on long-term debt	<u>(19,568)</u>	<u>(18,736)</u>
Net cash provided by (used in) financing activities	<u>64,885</u>	<u>(18,736)</u>
Net Change in Cash and Cash Equivalents	127,861	1,104
Cash and Cash Equivalents, beginning of year	<u>182,392</u>	<u>181,288</u>
Cash and Cash Equivalents, end of year	<u>\$ 310,253</u>	<u>\$ 182,392</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u>\$ 14,147</u>	<u>\$ 16,510</u>
Cash paid for unrelated business income taxes	<u>\$ 9,108</u>	<u>\$ 10,300</u>

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

Families Helping Families of Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2020

Note 1—Nature of Operations

Families Helping Families of Greater Baton Rouge, Inc. (FHFGBR) is a non-profit corporation, which was founded on January 10, 1998. The organization's mission is to provide individualized services, information, resources, and support needed to positively enhance the independence, productivity, and integration of individuals with disabilities in the greater Baton Rouge area.

FHFGBR derives the majority of its revenue from state contracts for the following programs:

Office of Behavioral Health (OBH) - Provides families and youth with education, skills, and resources to increase and strengthen their ability to function successfully in their homes and communities; provide opportunities to increase advocacy skills, and empower families to inform children's behavioral health policies, practices and services in Louisiana; and provide education to increase the knowledge of family members and professionals.

Resource Center for Autism Spectrum Disorders (RCASD) – A comprehensive source of information for families with members who have autism spectrum disorder. RCASD offers one-to-one support, family-oriented education, referrals and various communication software assisting children with social and verbal communication.

State Department of Education (SDE) - Provides training, education, and empowerment to families of children with disabilities through workshops, presentations, and one-on-one support to develop an individualized education/transition plan to help their children learn in an inclusive environment to ensure full and valued membership in the community.

Note 2—Summary of Significant Accounting Policies

A. Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

FHFGBR reports information regarding its financial position and activities according to two classes of net assets that are based upon existence or absence of restrictions on use that are placed on them by donors: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions include those net assets whose use by the Organization is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation. Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity. As of June 30, 2020, FHFGBR had net assets with donor restrictions of \$26,798.

B. Use of 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 revenue and expenses during the reporting period. Actual results could differ from the estimates that were used.

Families Helping Families of Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2020

Note 2—Summary of Significant Accounting Policies (Continued)

C. Cash and Cash Equivalents

For purposes of the statement of cash flows, FHFGBR considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Included in cash and cash equivalents at June 30, 2020 is cash of \$14,891, required to be held in a separate bank account for the purpose of charitable gaming.

D. Accounts Receivable

Accounts receivable are recorded at net realizable value consisting of the carrying amount less an allowance for doubtful accounts. FHFGBR determines its allowance for doubtful accounts based on prior years' experiences and management's analysis of possible bad debts. FHFGBR uses the specific identification allowance method, charging off old receivables on a case-by-case basis. FHFGBR considers all accounts receivable at June 30, 2020 to be fully collectible and, therefore, did not establish an allowance for doubtful accounts.

E. Property and Equipment

Property and equipment are stated at cost or, if donated, at fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Expenditures for major repairs and improvements that extend the useful lives of property and equipment are capitalized at cost. Expenditures for maintenance and minor repairs are charged to expense as incurred. The estimated useful lives for property and equipment are: Building (30 years); Equipment (3-7 years); and Furniture/Fixtures (7-15 years).

F. Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

G. Grants

FHFGBR receives grant funding from various entities to provide a variety of program services to the public based on specific requirements included in the agreement. Such grants are nonreciprocal transactions and include conditions stipulated by the entity and are, therefore, accounted for as conditional contributions. Public support is recognized as conditions are satisfied, primarily as expenses are incurred. Cash received on grants prior to incurring allowable expenses are recorded as deferred revenue.

Families Helping Families of Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2020

Note 2—Summary of Significant Accounting Policies (Continued)

H. Income Taxes

FHFGBR is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an entity other than a private foundation within the meaning of Section 509(a). However, income from certain activities not directly related to FHFGBR's tax-exempt purpose is subject to taxation as unrelated business income. As of June 30, 2020, FHFGBR owed unrelated business income taxes of \$6,494.

Management has determined that there are no uncertain tax positions that would require recognition in the financial statements. Interest on any income tax liability would be reported as interest expense and penalties on any income tax would be reported as income taxes. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based on ongoing analysis of tax laws, regulations, and interpretations thereof as well as other factors.

I. Liquidity Management

As of June 30, 2020, the following financial assets could be made readily available within one year of the date of the statement of financial position to meet general expenditures:

Cash and cash equivalents	\$ 310,253
Accounts receivable	<u>52,007</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 362,260</u>

As part of its liquidity management, FHFGBR has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

J. Functional Expenses

Expenses are allocated in the accompanying financial statements to program services, management and general, and fundraising functional expense groups. The methods of allocation are based on several factors such as utilization of office space as well as FHFGBR's estimates of the relative proportion of various staff members' time and effort between program and administrative functions.

K. Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation. The reclassifications had no effect on previously reported results of operations or total net assets.

Families Helping Families of Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2020

Note 2—Summary of Significant Accounting Policies (Continued)

L. Comparative Data

The amounts shown for the year ended June 30, 2019 in the accompanying financial statements are included to provide a basis for comparison with 2020 and present summarized totals only. 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 FHFGBR's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

M. New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. The ASU is effective for annual reporting periods beginning after December 15, 2020, with certain early adoption provisions available. FHFGBR is in the process of assessing the effect that the adoption of this standard will have on its financial statements.

In February 2016, the FASB issued ASU-2016-02, *Leases*. This ASU affects any entity that enters into a lease, with some specified scope exemptions. The main difference between previous U.S. GAAP and this ASU is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous U.S. GAAP. The amendments in this ASU are effective for fiscal years beginning after December 15, 2020. FHFGBR has not yet implemented this ASU and is in the process of assessing the effect on its financial statements.

Note 3—Property and Equipment

The following is a summary of property and equipment as of June 30, 2020:

Land	\$ 150,000
Building	430,000
Equipment	47,543
Furniture and fixtures	38,565
Software development in progress	<u>12,150</u>
	678,258
Less: accumulated depreciation	<u>(211,525)</u>
Total property and equipment, net	<u>\$ 466,733</u>

Families Helping Families of Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2020

Note 4—Long-term Debt

The following is a summary of long-term debt as of June 30, 2020:

Note payable to a financial institution with a final payment of \$270,220 in November 2021, bearing interest at 4.50%, collateralized by building and land.	\$ 300,065
Paycheck Protection Program note payable to a bank, bearing interest at 1.00%, maturing on April 22, 2022, with 6 months of deferred payments. If FHFGBR complies with all requirements, up to \$74,453 of the principal balance could be forgiven.	<u>84,453</u>
	384,518
Less: current maturities of long-term debt	<u>58,021</u>
Long-term debt, less current maturities	<u><u>\$ 326,497</u></u>

Future maturities of long-term debt for fiscal years ending June 30 are as follows:

2021	\$ 58,021
2022	<u>326,497</u>
	<u><u>\$ 384,518</u></u>

Note 5—Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of the following as of June 30, 2020:

Purpose or time restricted:	
Database software	\$ 22,916
COVID-19 supplies	<u>3,882</u>
	<u><u>\$ 26,798</u></u>

Note 6—Contingencies

FHFGBR participates in federal and state grant programs, which are governed by various rules and regulations. Costs charged to the grant programs are subject to audit and adjustment by the grantor agency; therefore, to the extent that FHFGBR has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable at year end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Any costs disallowed would be recognized in the period agreed upon by the grantor agency and FHFGBR.

Families Helping Families of Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2020

Note 7—Economic Dependency

FHFGBR receives revenue through grants and contracts administered by the State of Louisiana. The grant and contract amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds received by FHFGBR could be reduced significantly by an amount that could adversely impact its operations. Management is not aware of any actions that will adversely affect the amount of grants and contracts the organization will receive in the next fiscal year.

Note 8—Board of Directors Compensation

The Board of Directors is a voluntary board; therefore, no compensation or per diem has been paid to any Director.

Note 9—Operating Leases

FHFGBR pays rent on a month-to-month basis to their bingo hall management company. Rent payments are calculated as a percentage of games played and remitted on a monthly basis. Total rent expense for the years ended June 30, 2020 was \$31,694.

Note 10—Subsequent Events

Management of FHFGBR evaluated all subsequent events through November 25, 2020, the date the financial statements were available to be issued.

FHFGBR's operations have been disrupted by the Coronavirus (COVID-19) pandemic, which adversely impacted the ability to conduct its operations. Management believes FHFGBR is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated at this time.

Supplementary Information

**Families Helping Families of Greater Baton Rouge, Inc.
Schedule of Compensation, Benefits, and Other
Payments to Agency Head or Chief Executive Officer
Year Ended June 30, 2020**

Agency Head Name: Jamie Tindle, Executive Director

Purpose	Amount
Salary	\$ 77,401
Benefits - insurance	-
Benefits - retirement	-
Benefits - cell phone	1,200
Car allowance	-
Vehicle provided by agency	-
Per diem	-
Reimbursements	-
Travel	691
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-



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**Independent Auditor's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on
an Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards***

Board of Directors
Families Helping Families of Greater Baton Rouge, Inc.
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 Families Helping Families of Greater Baton Rouge, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 25, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Families Helping Families of Greater Baton Rouge, Inc.'s (FHFGBR) internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of FHFGBR's internal control. Accordingly, we do not express an opinion on the effectiveness of FHFGBR's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Families Helping Families of Greater Baton Rouge, Inc.'s Response to Finding

Families Helping Families of Greater Baton Rouge, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Families Helping Families of Greater Baton Rouge, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Hawthorn, Waymouth & Carroll, L.L.P.

November 25, 2020

Families Helping Families of Greater Baton Rouge, Inc.
Schedule of Findings and Responses
Year Ended June 30, 2020

Part I. Summary of Audit Results

1. An unmodified opinion has been expressed on the financial statements of Families Helping Families of Greater Baton Rouge, Inc., as of and for the year ended June 30, 2020, and the related notes to the financial statements.
2. One deficiency in internal control over financial reporting that we consider to be a significant deficiency was identified.
3. No instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* were identified.
4. A single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* was not required.
5. A management letter was not issued.

Part II. Findings Related to an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

2020-001: Segregation of Duties

Condition:

Due to the small size of the organization, ideal segregation of duties has not been achieved.

Criteria:

The organization should separate responsibilities for authorizing transactions, recording those transactions, and the custody of assets.

Cause:

The size of the organization does not permit proper segregation of duties.

Effect:

The lack of segregation of duties increases the risk of fraud related to misappropriation of assets, financial statement misstatements, or both.

Auditor's Recommendation:

While we recognize it may not be cost effective to justify implementing a full segregation of duties for an extensive system of internal control in all areas, we believe it is important that management and those charged with governance are aware that some weaknesses may exist and that they should apply diligent oversight and monitoring activities.

Management's Corrective Action Plan:

Management has requested more involvement from the Board treasurer to help reduce the risk associated with a lack of segregation of duties. The treasurer will now review all transactions, and continue as a co-signer for check amounts of \$1,000 or greater on cash accounts. Management believes this will increase the effectiveness of Board oversight and monitoring.

Families Helping Families of Greater Baton Rouge, Inc.
Schedule of Findings and Responses
Year Ended June 30, 2020

Part I. Findings Related to an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

2019-001: Segregation of Duties

Summary of Prior Year Finding:

Due to the small size of the organization, ideal segregation of duties has not been achieved.

Status:

Finding repeats as current year finding 2020-001.

Part II. A management letter was not issued for the year ended June 30, 2019.