FAMILY SERVICE OF GREATER BATON ROUGE
BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Family Service of Greater Baton Rouge
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Family Service of Greater Baton Rouge (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 Family Service of Greater Baton Rouge as of December 31, 2020 and 2019, 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

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, as required by Title 2 U.S. *Code of Federal*

Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are presented for purposes of additional analysis and are 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 July 13, 2021, on our consideration of Family Service of Greater Baton Rouge'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 Family Service of Greater Baton Rouge'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 Family Service of Greater Baton Rouge's internal control over financial reporting and compliance.

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Baton Rouge, Louisiana

July 13, 2021

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FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

STATEMENTS OF FINANCIAL POSITION
(See Accompanying Notes to Financial Statements)

ASSETS

	December 31, 2020	December 31, 2019
CURRENT ASSETS		
Cash and cash equivalents	$ 358,588	$ 121,169
Grants receivable	163,702	177,527
Other receivables	16,464	12,945
Employee receivable	36	36
TOTAL CURRENT ASSETS	538,790	311,677
PROPERTY AND EQUIPMENT		
Building and Improvements	1,122,253	1,122,253
Equipment	265,439	257,867
TOTAL PROPERTY AND EQUIPMENT	1,387,692	1,380,120
Less Accumulated Depreciation	(1,021,970)	(986,973)
	365,722	393,147
Land	126,527	126,527
NET PROPERTY AND EQUIPMENT	492,249	519,674
TOTAL ASSETS	$ 1,031,039	$ 831,351

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LIABILITIES AND NET ASSETS (DEFICIT)

	December 31, 2020	2019
CURRENT LIABILITIES		
Accounts payable	$ 82,964	$ 88,119
Other accrued liabilities	88,131	144,878
Current portion of payroll protection loan	40,124	-
Current portion of accrued pension liability	-	64,000
TOTAL CURRENT LIABILITIES	211,219	296,997
NON-CURRENT LIABILITIES		
Payroll protection loan, net of current portion	207,876	-
Terminated Pension Liability Claim	1,141,973	-
Accrued pension liability, net of current portion	-	918,045
TOTAL NON-CURRENT LIABILITIES	1,349,849	918,045
TOTAL LIABILITIES	1,561,068	1,215,042
NET ASSETS (DEFICIT)		
Without donor restrictions		
Undesignated	(550,730)	(404,392)
Board designated	20,701	20,701
TOTAL NET ASSETS (DEFICIT)	(530,029)	(383,691)
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	$ 1,031,039	$ 831,351

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
(See Accompanying Notes to Financial Statements)
For the Years Ended December 31, 2020 and 2019

	2020	2019
REVENUES AND SUPPORT		
Government grants and contracts	$ 1,383,464	$ 1,332,549
Program services	104,999	184,996
Donations and private grants	99,379	176,623
United Way designation	130,000	122,155
Rent Income	7,500	3,500
Miscellaneous	119	3,326
Interest Income	208	253
TOTAL REVENUES AND SUPPORT	1,725,669	1,823,402
EXPENDITURES		
Program services	1,446,904	1,420,452
Fundraising	6,727	17,970
Supporting services	280,448	279,095
TOTAL EXPENDITURES	1,734,079	1,717,517
Pension Related Changes other than net periodic pension costs	137,928	95,151
(DECREASE) INCREASE IN NET ASSETS	(146,338)	10,734
NET ASSETS, BEGINNING OF YEAR	(383,691)	(394,425)
NET ASSETS, END OF YEAR	$ (530,029)	$ (383,691)

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FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

STATEMENT OF FUNCTIONAL EXPENSES
(See Accompanying Notes to Financial Statements)
For the Year Ended December 31, 2020

	Program Services						
	Counseling Program	Parenting Center	HIV Center	Total Program Services	Fundraising	Supporting Services	Total
SALARIES AND RELATED EXPENSES							
Salaries	$ 71,073	$ 263,632	$ 686,446	$ 1,021,151	$ -	$ 113,437	$ 1,134,588
Payroll taxes	4,761	18,190	48,176	71,127	-	10,549	81,676
Employee fringe benefits	2,221	8,163	11,451	21,835	-	6,888	28,723
	78,055	289,985	746,073	1,114,113	-	130,874	1,244,987
GENERAL EXPENSES							
Advertising	-	-	-	-	169	75	244
Bank service charges	70	1,362	-	1,432	-	322	1,754
Conducting meetings	1,625	677	558	2,860	-	870	3,730
Depreciation	-	-	-	-	-	34,996	34,996
Insurance	11,546	15,541	26,260	53,347	-	(389)	52,958
Interest and penalties	312	-	-	312	-	59,326	59,638
Janitorial and maintenance	-	-	12,684	12,684	-	10,310	22,994
Lease	-	-	450	450	-	-	450
Membership dues	-	225	-	225	-	1,283	1,508
Miscellaneous	-	-	2,817	2,817	-	(8)	2,809
Postage and shipping	-	-	41	41	385	125	551
Printing and publications	-	-	-	-	438	121	559
Professional services	95,496	820	9,856	106,172	500	31,425	138,097
Program Expenses	-	-	-	-	1,170	-	1,170
Repairs and maintenance	7,264	6,755	2,121	16,140	-	3,380	19,520
Specific assistance	4,266	-	61,552	65,818	-	-	65,818
Supplies	1,907	1,167	16,214	19,288	3,897	5,789	28,974
Telephone	4,296	5,445	9,152	18,893	-	-	18,893
Travel	-	11,441	4,184	15,625	168	-	15,793
Utilities	3,759	4,658	8,270	16,687	-	1,949	18,636
	130,541	48,091	154,159	332,791	6,727	149,574	489,092
	$ 208,596	$ 338,076	$ 900,232	$ 1,446,904	$ 6,727	$ 280,448	$ 1,734,079

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FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

STATEMENT OF FUNCTIONAL EXPENSES

(See Accompanying Notes to Financial Statements)
For the Year Ended December 31, 2019

	Program Services						
	Counseling Program	Parenting Center	HIV Center	Total Program Services	Fundraising	Supporting Services	Total
SALARIES AND RELATED EXPENSES							
Salaries	$ 73,983	$ 229,124	$ 641,576	$ 944,683	$ -	$ 168,008	$ 1,112,691
Payroll taxes	5,278	16,134	47,541	68,953	-	10,352	79,305
Employee fringe benefits	3,668	9,488	13,687	26,843	-	1,255	28,098
	82,929	254,746	702,804	1,040,479	-	179,615	1,220,094
GENERAL EXPENSES							
Advertising	-	-	-	-	423	-	423
Bank service charges	1,103	1,805	(40)	2,868	-	759	3,627
Conducting meetings	12,036	755	4,877	17,668	-	1,847	19,515
Depreciation	-	-	-	-	-	34,012	34,012
Insurance	11,725	15,360	28,716	55,801	-	(10,531)	45,270
Interest and penalties	-	802	-	802	-	14,481	15,283
Janitorial and maintenance	-	-	-	-	-	9,800	9,800
Lease	-	-	721	721	-	165	886
Membership dues	-	-	-	-	-	1,176	1,176
Miscellaneous	-	-	-	-	-	4	4
Postage and shipping	-	61	338	399	564	151	1,114
Printing and publications	-	-	551	551	426	-	977
Professional services	109,712	3,182	12,741	125,635	-	33,282	158,917
Program expenses	-	-	-	-	13,971	-	13,971
Repairs and maintenance	4,248	1,391	8,746	14,385	-	8,692	23,077
Specific assistance	6,387	-	43,909	50,296	-	70	50,366
Supplies	1,556	1,215	26,197	28,968	2,293	3,218	34,479
Telephone	4,606	5,799	9,553	19,958	-	-	19,958
Travel	174	22,307	23,628	46,109	293	89	46,491
Utilities	3,384	4,445	7,983	15,812	-	2,265	18,077
	154,931	57,122	167,920	379,973	17,970	99,480	497,423
	$ 237,860	$ 311,868	$ 870,724	$ 1,420,452	$ 17,970	$ 279,095	$ 1,717,517

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FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

STATEMENTS OF CASH FLOWS
(See Accompanying Notes to Financial Statements)
For the Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ (146,338)	$ 10,734
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	34,996	34,012
Change in Pension Liability	159,928	95,151
Decrease (Increase) in Assets:		
Grant receivables	13,825	(5,911)
Other receivables	(3,519)	(8,348)
Increase (Decrease) in Liabilities:		
Accounts payable	(5,154)	(262)
Cash overdraft	-	(5,127)
Other accrued liabilities	(56,747)	(4,165)
NET CASH (USED) PROVIDED IN OPERATING ACTIVITIES	(3,009)	116,084
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment	(7,572)	-
NET CASH USED BY INVESTING ACTIVITIES	(7,572)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments towards Terminated Pension Liability Claim	(6,000)	-
Proceeds from PPP Loan	248,000	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	248,000	-
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	237,419	116,084
CASH AND CASH EQUIVALENTS - Beginning of year	121,169	5,085
CASH AND CASH EQUIVALENTS - End of year	$ 358,588	$ 121,169

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FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – The mission of Family Service of Greater Baton Rouge (the "Agency") is to counsel and strengthen individuals and families and improving their quality of life. The Agency, which was incorporated in 1955, has various funding sources which include United Way, state and local grants, program service fees and contributions. The Agency offers a wide range of services:

1. The Child & Family Counseling Center – provides clinical services to children, individuals, and families who need help in finding solutions to a wide range of emotional, behavioral, and relationship problems.
2. The Parenting Center – promotes healthy family development by providing ongoing workshops, consultations, and classes to help parents increase their knowledge, skills, and decision making in the important role of effective parenting.
3. The HIV Center – helps clients access services, resources, and programs that enhance health and wellbeing. Services include HIV testing, HIV Peer Prevention, case management, support groups, counseling, health/treatment education, transportation, childcare, and financial assistance toward rent, mortgage payments, utilities, medication, and eye and dental care.

Basis of Accounting – The financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Basis of Presentation – The Agency reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity. Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the board limits resulting from the Agency, its environment in which it operates, the purposes specified in corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. When a donor's restrictions are satisfied, either by using the resources in the manner specified by the donor or the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. The Agency has net assets with donor restrictions of $20,701 for the years ended December 31, 2020 and 2019.

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenue and Revenue Recognition – Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. There were no conditional promises to give at year ending December 31, 2020 and 2019.

Revenue With and Without Donor Restrictions – Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any 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.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles 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 and expenses during the reporting period. Accordingly, actual results differ from those estimates. Management's estimates include, but are not limited to, collectability of receivables and the accrued pension liability. Management's estimates are derived from and are continually evaluated based upon available information, judgment, and experience. Because of inherent uncertainties in estimating collectability of loans receivable and future pension obligations, it is at least reasonably possible that estimates used will change within the near term.

Cash and Cash Equivalents – For the purposes of the statement of cash flows, the Agency considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Receivables – Receivables consist of amounts due from granting agencies for services performed and short-term receivables arising from providing counseling services. The accounts receivable represent consideration from state and local governmental agencies, of which the organization has an unconditional right to receive are stated at the amount management expects to be collected from the outstanding balance. As of December 31, 2020, management has determined, based on historical experience that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Property and Equipment – Property and equipment are recorded at cost and depreciated using the straight-line method over the useful lives of the assets, which range as follows:

Building and improvements	11-39 years
Equipment	3-10 years

Expenditures for major additions of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Accrued Pension Liability – The Agency accounts for its defined benefit pension plan in accordance with FASB-ASC715, *Compensation-Retirement Benefits*, which requires employers to recognize the funded status of a benefit plan in the statements of financial position and recognize changes in the funded status through the statements of activities and changes in net assets.

Functional Allocation of Expenses – The costs of providing the various programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on records and estimates made by the Agency's management.

Contributed Services – Donations of services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Agency. The services are measured at fair value and reported as increases in unrestricted net assets during the period provided. No contributed services were recorded in the statements of activities and changes in net assets for the years ended December 31, 2020 and 2019.

Income Taxes – The Agency 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). Accordingly, no provision has been made for income taxes.

Management has determined that there are no uncertain tax positions that would require recognition in the financial statements. If the Agency were to incur an income tax liability in the future, 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. Generally, tax returns may be examined for three years from the filing date, and the current and prior three years remain subject to examination as of December 31, 2020.

Advertising Expenses – The Agency follows the policy of charging the costs of advertising to expense as incurred. Advertising costs were $244 and $423 for the years ended December 31, 2020 and 2019, respectively.

NOTE 2: ADOPTION OF NEW ACCOUNTING STANDARDS

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, Not for Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, the lack of consistency in the type of information provided about expenses and investment return. The Agency has implemented ASU 2016-14 and has presented the financial statements accordingly.

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 2: ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)

Effective January 1, 2019, Family Service of Greater Baton Rouge adopted the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606).* This ASU was issued to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry specific guidance as well as help financial statements users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. Primarily, the update requires Family Service of Greater Baton Rouge to evaluate the various performance obligations related to its contracts. The adoption of this standard did not result in any changes in the way Family Service of Greater Baton Rouge recognized revenue and therefore no changes to the previously issued financial statements were required. Based on the review of grant contracts and contribution documentation, management has determined this ASU does not have a significant impact of the financial statements.

Effective January 1, 2019, Family Service of Greater Baton Rouge adopted the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, *Not for Profit Entities (Topic 958), Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.* This ASU was issued to assist in evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance. This ASU was also made to assist in determining whether a contribution is conditional. The adoption of ASU 2018-08 did not have a material impact on Family Service of Greater Baton Rouge's financial statements

NOTE 3: GOING CONCERN

Family Service of Greater Baton Rouge has experienced substantial losses over the past several years resulting from decreased grant revenue, reductions in contracts, and increased liability with the Defined Benefit Pension Plan. For the year ended December 31, 2020, the Agency recognized a net operating loss, before the adjustment for the terminated pension liability claim, of $8,410 as compared to net operating income of $105,885 before the adjustment for the defined benefit pension plan liability for the year ended December 31, 2019.

Management of the Agency is continuing to monitor its plan to reduce expenses through cost cutting measures, increase grant writing, and implementation of new fundraising efforts as well as negotiate new terms with vendors. The ability of the Agency to continue as a going concern is dependent on the changes to its defined benefit plan, obtaining new revenue sources, and success of the plan in general. The financial statements do not include any adjustments that might be necessary if the Agency is unable to continue as a going concern.

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 4: RECEIVABLES

Receivables are composed of the following:

	2020	2019
Grants		
Ryan White Part A	$ 79,011	$ 75,393
Women and Children Grant, Ryan White Part D	35,362	16,409
Tulane MHC/QRS Program	36,339	75,678
ReCAST	9,000	3,487
OPH Contract	3,990	6,560
	$ 163,702	$ 177,527
Other		
Counseling	$ 16,464	$ 12,945

NOTE 5: PROPERTY AND EQUIPMENT

The Agency entered into an agreement with the Pension Benefit Guaranty Corporation (PBGC) to terminate the defined benefit pension plan (Plan) as of February 29, 2020 and appointing PBGC as trustee of the Plan on April 27, 2020. PBGC perfected liens, in the amount of $1,119,973, on behalf of the Plan on all property and rights to property, whether real or personal, belonging to the Agency. This includes the office building and land of the Agency.

NOTE 6: PAYROLL PROTECTION PROGRAM LOAN PAYABLE

The the Agency was granted a loan (the "Loan') in the aggregate amount of $248,000, pursuant to the Paycheck Protection Program under Division A, Title I of the CARES Act which was enacted March 27, 2020. The Loan, which was in the form of a note dated April 27, 2020 issued by the Borrower, matures on December 31, 2020 and bears interest at a rate of 0.98% per annum, payable monthly. The note may be prepaid by the borrower at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before 24 weeks after the initial funding date. The Company intends to use the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The balance due as of December 31, 2020 was $248,000.

Future maturities for this note are as follows:

Year	Amount
2021	$ 40,124
2022	130,907
2023	$76,969
	$248,000

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 7: PENSION PLAN (DEFINED BENEFIT)

On April 27, 2020, the Agency entered into a settlement agreement with PBGC to terminate the defined benefit pension plan as of February 29, 2020. The amount of the terminated pension liability at the termination date was $1,141,973. Interest accrues annually at 3% starting on February 29, 2020. The Agency made two payments of $3,000 each during the year to apply against the total terminated pension liability. The value of the terminated pension liability at December 31, 2020 was $1,141,973 and included accrued interest of $28,000.

The Agency had a defined benefit pension plan which covers substantially all its employees who meet eligibility requirements. Benefits under the plan were generally based on the employee's compensation during the highest five consecutive calendar years' salary during the last ten completed calendar years of service before retirement. The pension plan was funded in accordance with the requirements of the Employee Retirement Income Security Act of 1974.

The Agency followed FASB ASC 715-60, *Defined Benefit Plans – Other Post-retirement*, which required that the funded status of defined benefit pension plans be fully recognized in the Statements of Financial Position as an asset (overfunded plans) or as a liability (for underfunded plans).

Effective December 31, 2008, the defined benefit plan was frozen, with no new participants added.

Pension expense for the defined benefit plan for each of the years ended December 31, 2020 and 2019 was $137,928 and $95,151.

The following table presents the changes in benefit obligations, changes in Plan assets, and the composition of accrued benefit costs in the Statements of Financial Position for the year ended December 31, 2019:

	2019
Changes in Benefit Obligations	
Benefit obligations at beginning of year	$ 1,85,076
Service cost	14,985
Interest cost	43,763
Actuarial (gain) loss	64,534
Benefits paid	(26,551)
Expense charges	(14,985)
Benefit obligations at end of year	$1,166,822
Changes in Plan Assets	
Fair value of plan assets at beginning of year	$ 198,182
Actual return on plan assets	28,131
Benefits and expenses paid	(41,536)
Fair value of plan assets at end of year	$ 184,777
Accrued pension liability	$ 982,045
Current portion	(64,000)
Accrued pension liability, non-current portion	$ 918,045

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FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 7: PENSION PLAN (DEFINED BENEFIT) (CONTINUED)

The weighted average assumptions used to determine benefit obligations and net benefit costs for the years ended December 31, were as follows:

	2019
Discount rate	3.02%
Post-retirement interest rate	5.50%
Expected return on plan assets	7.00%
Rate of compensation increase	0.00%
Social Security wage base increase	0.00%

For 2019, the Expected Long-Term Rate of Return on Plan Assets assumption of 7.0% was selected using the "building block" approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27-Selection of Economic Assumptions for Measuring Pension Obligations. Based on the investment policy for the pension plan as of the beginning of the fiscal year, a best estimate range was determined for both the real rate of return (net of inflation and investment expenses) and for inflation based on historical return or the applicable asset classes. An average inflation rate within the range equal to 3.00% was selected and added to the real rate of return range to arrive a best estimate range of 6.18% to 8.12%. A rate within the best estimate range of 7.0% was selected.

The components of net periodic benefit costs for the years ended December 31, 2019 are as follows:

	2019
Service cost	$ 14,985
Interest cost	43,763
Expected return on plan assets	(10,565)
Amount of recognized actuarial gains	18,465
Net periodic benefit costs	$ 66,648

Plan Assets by Category	2019	
Equity	$ 0	0%
Mutual funds	184,777	100%
General account	0	0%
	$ 184,777	

All investments are categorized Level 1 which are based on quoted prices (unadjusted) in active markets which are accessible at the measurement date.

The Agency's investment strategy is a long-term investment mix of equity mutual fund investments and cash equivalents. Investment mix is managed to maximize returns on plan assets.

For all plan assets, fair value is determined by reference to quoted market prices and other relevant information generated by market transactions.

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 8: PENSION PLAN (DEFINED CONTRIBUTION)

The Agency has a defined contribution plan subject to Section 403(b) of the Internal Revenue Code. The plan covers substantially all its employees who meet eligibility requirements. Contributions to the plan are based on 25% of the first 6% of the amount of the salary reduction of each employee. Retirement expense was $2,652 and $0 for the years ended December 31, 2020 and 2019, respectively.

NOTE 9: ECONOMIC DEPENDENCY

The Agency received approximately 81% and 73% of funds from Federal grants passed through programs administered by the State of Louisiana for the years ended December 31, 2020 and 2019, respectively. The program amounts are appropriated each year by the Federal and State governments. If significant budget cuts are enacted at the Federal and/or State level, the amount of the funds the Agency receives could be reduced significantly and have an adverse impact on its operations.

NOTE 10: RENTAL INCOME

The Agency leases office space to an unrelated entity to provide in house pharmacy services to patients. Monthly lease payments are $500, and the lease expires in March 2021. Rental income for the year ended December 31, 2020 and 2019 was $7,500 and $3,500, respectively.

NOTE 11: CONTINGENCIES

The Agency 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 adjustments by the grantor agency; therefore, to the extent the Agency 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. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and Family Service of Greater Baton Rouge.

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 12: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Agency's financial assets as of the statement of financial position date, reduced by any amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

	12/31/2020
Current Assets, excluding nonfinancial assets	$ 538,790
Less those unavailable for general expenditures Within a year:	
Board Designated reserves	(20,701)
Financial Assets available to meet cash needs for General expenditures within one year	$ 518,089

NOTE 13: CONSENTRATIONS OF CREDIT RISK

The Agency maintains deposits in banks that may, at times, exceed the amount of federal deposit insurance available. Management periodically assesses the financial condition of the institutions and believes that any potential for deposit loss is minimal. The uninsured deposits at December 31, 2020 and 2019 equated to $53,822 and $0, respectively.

NOTE 14: RELATED PARTY TRANSACTIONS

During 2020, a member of the Board of Directors made a donation to the Company in the amount of $1,000.

NOTE 15: SUBSEQUENT EVENTS

Family Service of Greater Baton Rouge has evaluated all subsequent events through July 13, 2021, the date the financial statements were available to be issued.

The Agency entered into a settlement agreement (Agreement), dated June 18, 2021 with PBGC. As stated in Note 5 and Note 7, the Agreement terminated the defined benefit pension plan (Plan). The Agreement states that the Agency is liable for the liabilities under the Tite IV of ERISA. The Title IV total liability is $3,302,560. The Agreement also sets up a liability due to PBGC for $174,000 payable in monthly installments of $3,000 per month ending April 2026. Ninety-five days after the last $3,000 payment is made, the Agency will be released from the Title IV liabilities except for the unfunded plan contributions. The Agency will pay PBGC the net proceeds of any sale, transfer, or incurrence of any secured debt against all or part of the real property up to $1,119,973 plus interest accruing at 3% per annum starting February 29, 2020. A lien has been placed on the building (see Note 5) for this liability.

SUPPLEMENTARY INFORMATION

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FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
For the Year Ended December 31, 2020

Agency Head Name: Rene Taylor, Executive Director

Salary	$ 88,758
Benefits – insurance	3,397
Benefits – retirement	1,800

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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 *GOVERNEMENT AUDITING STANDARDS*

To the Board of Directors of
Family Service of Greater Baton Rouge
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 Family Services of Greater Baton Rouge (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 13, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Family Services of Greater Baton Rouge's internal control over financial reporting (internal control) as a basis for designing 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 Family Services of Greater Baton Rouge's internal control. Accordingly, we do not express an opinion on the effectiveness of Family Services of Greater Baton Rouge's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of 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.

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Baton Rouge, Louisiana
July 13, 2021

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Family Service of Greater Baton Rouge
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Family Services of Greater Baton Rouge's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Family Services of Greater Baton Rouge's major federal programs for the year ended December 31, 2020. Family Services of Greater Baton Rouge's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Family Services of Greater Baton Rouge'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 *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Family Services of Greater Baton Rouge'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 Family Services of Greater Baton Rouge's compliance.

Opinion on Each Major Federal Program

In our opinion, Family Services of Greater Baton Rouge complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of Family Services of Greater Baton Rouge 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 Family Services of Greater Baton Rouge'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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Family Services of Greater Baton Rouge'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 a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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Baton Rouge, Louisiana
July 13, 2021

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(See Accompanying Notes to Financial Statements)
For the Year Ended December 31, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Health and Human Services		
Pass-through programs from:		
Louisiana Department of Health and Hospitals		
HIV Care Formula Grants	93.917	$ 19,900
Ryan White Part A HIV Emergency Relief Grant Program	93.914	796,709
Ryan White Part A HIV Program Part A Covid-19 Response	93.914	12,961
Our Lady of the Lake Hospital, Inc.		
Coordinated Services and Access to Research for Women, Children and Youth (Ryan White Program Part D Women, Infants, Children and Youth WICY Program)	93.153	83,197
City of Baton Rouge and Parish of East Baton Rouge		
Resiliency in Communities After Stress and Trauma (ReCAST)	93.243	57,350
Tulane University: Tulane Education Fund		
Child Care and Development Block Grant	93.575	413,347
Total Department of Health and Human Services		1,383,464
Total Expenditures of Federal Awards		$ 1,383,464

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FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2020

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal expenditures of Family Service of Greater Baton Rouge and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of the Title 2 U.S. *Code of Federal Regulations (*CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

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

NOTE 3: INDIRECT COST RATE

The Organization has elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTE 4: SUBRECIPIENTS

Family Service of Greater Baton Rouge did not pass through any of its federal awards to a subrecipient during the fiscal year 2020.

NOTE 5: NON-CASH ASSISTANCE

No federal awards were expended in the form of non-cash assistance during the fiscal year 2020.

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Years Ended December 31, 2020 and 2019

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified Opinion**

Internal control over financial reporting:

• Material weakness(es) identified?	____	Yes	X	No
• Significant deficiency(ies) identified? reported	____	Yes	X	None
Noncompliance material to financial statements noted?	____	Yes	X	No

Management Letter

Was a management letter issued?	____	Yes	X	No

Federal Awards

Internal control over major federal programs:

• Material weakness(es) identified?	____	Yes	X	No
• Significant deficiency(ies) identified? reported	____	Yes	X	None

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

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

Identification of major federal programs:

CFDA Numbers	Federal Program or Cluster
93.914	Ryan White Part A HIV Emergency Relief

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

Auditee qualified as low-risk auditee?	____	Yes	x	No

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FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2020

II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED *GOVERNMENT AUDITING STANDARDS*

Internal Control Findings-No Findings Noted

Compliance Findings-No Findings Noted

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

No findings related to internal control, which would be required to be reported in accordance with *Government Auditing Standards and the Uniform Guidance*, were noted during the audit.

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2020

II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED *GOVERNMENT AUDITING STANDARDS*

Internal Control Findings-No Findings Noted

Compliance Findings-No Findings Noted

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

No findings related to internal control, which would be required to be reported in accordance with *Government Auditing Standards and the Uniform Guidance*, were noted during the audit.