

**FAMILIES HELPING FAMILIES  
OF SOUTHEAST LOUISIANA, INC.**

**FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2023**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Families Helping Families of Southeast Louisiana, Inc.  
New Orleans, Louisiana

### Report on the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Families Helping Families of Southeast Louisiana, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements (collectively, the financial statements).

In our opinion, the financial statements present fairly, in all material respects, the financial position of Families Helping Families of Southeast Louisiana, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the Louisiana Governmental Audit Guide, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Families Helping Families of Southeast Louisiana, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Families

Helping Families of Southeast Louisiana, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Families Helping Families of Southeast Louisiana, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Families Helping Families of Southeast Louisiana, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements of Families Helping Families of Southeast Louisiana, Inc. as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute 24:513 A.(3), is presented for the 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 January 22, 2024, on our consideration of Families Helping Families of Southeast Louisiana, 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 Southeast Louisiana, 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 Southeast Louisiana, Inc.'s internal control over financial reporting and compliance.

*Bruno & Tervalon LLP*

New Orleans, Louisiana  
January 22, 2024

**FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.**

STATEMENT OF FINANCIAL POSITION

June 30, 2023

**ASSETS**

Current Assets:

Cash and cash equivalents	\$ 39,280
Contracts receivable	<u>20,201</u>
Total current assets	<u>59,481</u>
Total assets	<u><u>\$ 59,481</u></u>

**LIABILITIES AND NET ASSETS (DEFICIT)**

Current Liabilities:

Accrued expenses	\$ 437
Line-of-credit	<u>73,430</u>
Total current liabilities	<u>73,867</u>

Noncurrent liabilities:

Note payable	<u>108,915</u>
Total noncurrent liabilities	<u>108,915</u>
Total liabilities	<u>182,782</u>

Net Assets (Deficit):

Net assets (deficit) without donor restrictions	<u>(123,301)</u>
Total net assets (deficit)	<u>(123,301)</u>
Total liabilities and net assets (deficit)	<u><u>\$ 59,481</u></u>

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

**FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.**

**STATEMENT OF ACTIVITIES**

June 30, 2023

Revenues and Other Support:	
Grant revenues	\$ 510,412
Contributions and donations	<u>202,300</u>
Total revenue and other support	<u>712,712</u>
Expenses:	
Program services	474,611
Supporting services:	
Management and general	240,633
Fundraising	<u>3,000</u>
Total expenses	<u>718,244</u>
Change in net assets	(5,532)
Net assets (deficit) without donor restrictions - beginning of year	<u>(117,769)</u>
Net assets (deficit) without donor restrictions - end of year	<u><u>\$ (123,301)</u></u>

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

**FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended June 30, 2023**

	<b>Supporting Services</b>			<b>Total Supporting Services</b>	<b>Total Expenses</b>
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>		
Salaries and fringe benefits	\$ 388,783	\$ 28,895	\$ -	\$ 28,895	\$ 417,678
Contract services	42,741	89,465	3,000	92,465	135,206
Program supplies	40,900	-	-	-	40,900
Travel, meetings and conferences	2,187	535	-	535	2,722
Interest expense	-	1,411	-	1,411	1,411
Insurance	-	9,310	-	9,310	9,310
Occupancy and office supplies	-	76,203	-	76,203	76,203
Depreciation	-	298	-	298	298
Other expenses	-	34,516	-	34,516	34,516
<b>Total Expenses</b>	<b>\$ 474,611</b>	<b>\$ 240,633</b>	<b>\$ 3,000</b>	<b>\$ 243,633</b>	<b>\$ 718,244</b>

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



**FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.**

**STATEMENT OF CASH FLOWS**

June 30, 2023

**Cash Flows From Operating Activities**

Change in net assets	\$ (5,532)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation	298
Changes in operating assets and liabilities	
(Increase) decrease in:	
Contracts receivable	(1,342)
Other receivables	7,368
Other assets	1,387
Increase( decrease) in:	
Accounts payable	(6,656)
Accrued expenses	(29,042)
Line of credit	<u>414</u>
Net cash used in operating activities	<u>(33,105)</u>

**Cash Flows From Financing Activities**

Proceeds from note payable	<u>2,915</u>
Net cash provided by financing activities	<u>2,915</u>
Net decrease in cash and cash equivalents	(30,190)
Cash and cash equivalents, beginning of year	<u>69,470</u>
Cash and cash equivalents, end of year	<u><u>39,280</u></u>

**Supplemental Cash Flow Disclosures**

Cash payments for interest	<u><u>\$ 1,411</u></u>
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The accompanying notes are an integral part of the financial statements.

# FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

### NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Activities

Families Helping Families of Southeast Louisiana, Inc., (the Organization) is a non-profit corporation, operating primarily in Orleans and St. Bernard Parishes, organized to provide informational support and educational services to area families who have family members with special needs (disabilities) through a coordinated network of resources, support, and services. The primary sources of revenue are from Federal, State, and public grants.

#### Method of Accounting and Financial Reporting Framework

Assets and liabilities and revenues and expenses are recognized on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as promulgated by the Financial Accounting Standards Board.

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*.

Under FASB ASC 958-210-50-3, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.
- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

#### Use of Estimates

In preparing the Organization's financial statements in conformity with accounting principle generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

# **FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2023

### **Statement of Cash Flows**

For purposes of the statement of cash flows, the Organization considers all unrestricted cash and highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

### **Donated Assets and Services**

The Organization records noncash donations as contributions at their estimated fair value at the date of donation and are recorded as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The Organization recognizes donated services at fair value, if such services are significant in amount, create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

### **Property and Equipment**

The Organization capitalizes all expenditures for property and equipment in excess of \$1,000. Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Acquisitions of property and equipment are made with unrestricted assets. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method over a three-to-ten-year period. Additions, improvements, or other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

### **Income Taxes**

The Organization is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and have been classified as organizations other than a private foundation under Section 509(a)(2). The Organization's evaluation as of June 30, 2023 revealed no tax positions that would have a material impact on the financial statements. The 2020 through 2022 tax years remain subject to examination by the IRS. The Organization does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

### **Deferred Revenue**

Advanced payments from grantors for expected contractual services to be performed in a future period are recorded as deferred revenues until the related program functions are performed or services are rendered.

# FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

### **Functional Expense Allocation**

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the consolidated statements of activities. Directly identifiable expenses are charged to programs, management and general, and fundraising. Expenses related to more than one function are charged to programs, management and general, and fundraising on the basis of periodic time and expense studies.

### **Restricted and Unrestricted Revenue**

Contributed support that is restricted by the donor is reported as increases in net assets without donor restrictions if the restrictions expire (that is, when stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Private grant revenue is recognized as it is earned in accordance with approved agreements. Grants that contain certain compliance recapture provisions are recognized over the term of the compliance period or at the end of the compliance period, depending on the agreement.

Fee for service income is recognized as performance obligations under the contracts are satisfied. Performance obligations are typically to provide support services to individuals and their families. Management has determined that the performance obligations are recognized over time as the frequency of service is not stipulated in the contracts. Advances under the agreements are recorded as contract liabilities until such time as the performance obligations are met.

### **New Accounting Pronouncements – Adopted**

During the year ended June 30, 2022, the Organization adopted FASB ASU No. 2020-07, “*Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.*” This Update seeks to increase transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The adoption of this Update did not have a material impact on the Organization’s financial statements.

### **Date of Management’s Review**

Subsequent events have been evaluated through January 22, 2024, which is the date the financial statements were available to be issued.

**FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

**NOTE 2- LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization has financial assets of \$59,481 as of June 30, 2023. There are no restrictions on these assets as of June 30, 2023. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Although the Organization does not intend to spend from its restricted contributions other than amounts appropriated for general expenditure as part of its annual budget approval process, amounts from its contributions could be made available if necessary.

**NOTE 3- CONCENTRATIONS OF CREDIT RISK**

**From Financial Instruments**

The Organization maintains its cash balances in local financial institutions that may at times exceed amounts covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization's cash balances were not in excess of the FDIC insurance as of June 30, 2023. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

**From Sources of Revenue**

The Organization received 73% of its funding from grantors and contract agreements during 2023.

**NOTE 4- PROPERTY AND EQUIPMENT**

As of June 30, 2023, property and equipment consisted of the following:

Furniture and fixtures	\$ 12,399
Computers	22,258
Less: accumulated depreciation	<u>(34,657)</u>
Property and equipment, net	<u>\$ -</u>

Depreciation expense for the years ended June 30, 2023 was \$298.

**NOTE 5- LINE OF CREDIT**

The Organization has a line of credit agreement with a financial institution of \$75,000. The balance on the line of credit was \$73,430 at June 30, 2023. The line bears interest at the Wall Street Journal's prime lending rate plus 2.75%, which equaled 7.50% and 6.00% as of June 30, 2023, respectively. The line of credit matures on March 2, 2024.

Interest costs incurred on the line of credit and charged to expense as of June 30, 2023 totaled \$1,411. Total cash payments for interest were \$1,411 during 2023.

# FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

### NOTE 6- LONG-TERM DEBT

In response to the coronavirus (COVID-19) outbreak in 2020, the Small Business Administration (SBA) offered loans to certain organizations and businesses as relief for the economic restrictions caused by the pandemic. The Organization obtained an Economic Injury Disaster Loan (EIDL) of \$106,000 and a loan under the Paycheck Protection Program (PPP) of \$48,240. The PPP loan had a stated interest rate of 1% and a stated maturity date of May 11, 2026; however, the Organization received full forgiveness of the loan during 2021 and recognized \$48,240 into other income. The EIDL loan carries an interest rate of 2.75% and matures on June 27, 2050. The loan requires payments of \$453 monthly, commencing on December 27, 2022, including applicable deferral periods granted by the SBA. There is no penalty for early repayment.

The future minimum principal payments under the EIDL loan as of June 30, 2023 for next five fiscal years and thereafter is as follows:

2024	\$	-
2025		440
2026		2,565
2027		2,637
2028		100,358
	\$	<u>106,000</u>

Interest costs accrued and charged to expense totaled \$2,995 and during the year ended June 30, 2023. No cash payments of interest were made on long-term debt.

### NOTE 7- CONTRACTS WITH CUSTOMERS

The Organization was established to provide informational support and educational services to area families who have family members with special needs. A substantial portion of the Organization's support and revenue is derived from contracts for the programs conducted. The various contracts are approved on a year-to-year basis. Any unexpended funds or unauthorized expenditures must be refunded. The Organization's contracts receivable of \$20,201 at June 30, 2023 were payments due on these contracts.

Amounts received and receivable from federal and state grantor agencies are subject to audit and adjustment by those agencies, principally the Metropolitan Health Services District, the Louisiana Department of Education and the Louisiana Developmental Disabilities Council. Any disallowed costs, including amounts already reimbursed, may constitute a liability to the Organization. The amount of expenditures, if any, which may be disallowed by the grantors cannot be determined at this time, although the Organization expects any such amounts to be minimal. Any adjustments for disallowed costs would be recognized in the period agreed upon by the grantor agency and the Organization.

**FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

A substantial share of contract revenues for services to clients are derived under a state third-party reimbursement program. These revenues are based, in part, on cost reimbursement principles and are subject to adjustments by the respective third-party providers. Retroactive adjustments, if any, are not expect to be material to the financial position or results of operations of the Organization.

**NOTE 8- CONTRIBUTED NONFINANCIAL ASSETS**

The Organization received contributed nonfinancial assets as follows for the year ended June 30, 2023:

Use of office space	<u>\$ 30,688</u>
Total contributions of nonfinancials assets	<u>\$ 30,688</u>

The Organization receives office space through the Orleans Parish School Board for use in performing its services. The Organization values the office space based on an estimate of what would be charged for comparable space during the time period.

All contributed nonfinancial assets received by the Organization for the years ended June 30, 2023 were considered without donor restrictions and able to be used by the Organization as determined by management.

**NOTE 9- BOARD COMPENSATION**

The Board of Directors of the Organization is a voluntary board; therefore, no compensation was paid to any board member during the year ended June 30, 2023.

**FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA**

**SCHEDULE OF COMPENSATION, BENEFITS  
AND OTHER PAYMENTS TO AGENCY HEAD  
June 30, 2023**

Executive Director: Aisha Johnson

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 56,268
Benefits - FICA and Medicare	<u>1,522</u>
Total compensation, benefits, and other payments	<u><u>\$ 57,790</u></u>

See Independent Auditors' Report on Supplementary Information.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
Families Helping Families of Southeast Louisiana, Inc.

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 Southeast Louisiana, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, 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 January 22, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Families Helping Families of Southeast Louisiana, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Families Helping Families of Southeast Louisiana, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Families Helping Families of Southeast Louisiana, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit

we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-001 to 2023-004 that we consider to be significant deficiencies.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Families Helping Families of Southeast Louisiana, 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2023-004.

### **Families Helping Families of Southeast Louisiana, Inc.'s Response to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Families Helping Families of Southeast Louisiana, Inc.'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 Families Helping Families of Southeast Louisiana, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bruno & Tervalon LLP*

January 22, 2024  
New Orleans, Louisiana

**FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.**

**SCHEDULE OF FINDINGS AND RESPONSES**

June 30, 2023

**Section I - SUMMARY OF AUDITORS' RESULTS**

- A. The type of report issued on the financial statements: **Unmodified Opinion.**
- B. Significant deficiencies in internal control were disclosed by the audit of the financial statements: **Yes.** Material weakness: **No.**
- C. Noncompliance which is material to the financial statements: **Yes.**
- D. Significant deficiencies in internal control over major programs: **N/A.** Material weaknesses: **N/A.**
- E. The type of report issued on compliance for major programs: **N/A.**
- F. Any audit findings which are required to be reported in accordance with 2 CFR 200.516(a): **N/A.**
- G. Major programs: **N/A**
- H. Dollar threshold used to distinguish between Type A and Type B programs: **N/A.**
- I. Auditee qualified as a low-risk auditee under *the Uniform Guidance*: **N/A.**
- J. A management letter issued: **No.**

**FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.**

**SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED**

June 30, 2023

**Section II - FINANCIAL STATEMENT FINDINGS**

**2023-001 Untimely Reconciliations of Bank Accounts**

Criteria

Management of Families Helping Families of Southeast Louisiana, Inc. is responsible for the documentation of the components of internal control to include the implementation of a design and operation of internal control to ensure the accuracy in financial reporting.

Condition

During our audit procedures, we noted that four (4) bank accounts were not timely reconciled.

Effect

Cash accounts were misstated at year end, although not by a material amount. The potential effect is that errors and fraud could occur and go undetected if bank statements are not reconciled to control accounts on a regular basis.

Cause

Families Helping Families of Southeast Louisiana, Inc. was not performing regular reconciliations of its accounts.

Recommendation

We recommend that management implement a policy and procedure for monthly bank reconciliations, assign responsibility for this task to a specific individual or team, and ensure that appropriate oversight and review is conducted to ensure completeness and accuracy. Additionally, we recommend that management periodically review the effectiveness of the new policy and procedure to ensure that it is being followed and that adequate controls are in place to prevent future lapses in bank reconciliation procedures.

Management's Response

There was a period where we didn't have an accountant to reconcile the books. However currently, management has rectified this condition by contracting with an external accountant to prepare timely bank reconciliations.

**FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.**

**SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED**

June 30, 2023

**Section II - FINANCIAL STATEMENT FINDINGS, CONTINUED**

**2023-002 Lack of Adequate Supporting Documentation**

Criteria

Adequate internal controls should include maintaining sufficient records (invoices, receipts, grant documents, contracts, agreements, etc.) to support the transactions underlying the related financial statement amounts.

Condition

During our revenue and expense testing, we noted instances where supporting documentation, which include invoices and grant documents, was not located for our testing of certain transactions or Families Helping Families of Southeast Louisiana, Inc. could not promptly provide us requested supporting documentation.

Effect

The lack of adequate internal controls to maintain sufficient supporting documentation creates an environment where financial statement amounts may be materially misstated.

Cause

Entries to the accounting software lacked sufficient detail to determine the appropriate support. Also, supporting documentation is not stored in a secure and readily accessible filing system.

Recommendation

Orderly filing should be maintained to ensure proper control over all supporting documentation and invoices evidencing all accounting transactions. We recommend implementation of an online “cloud” based filing system with a trusted service provider.

Management’s Response

Out of the 45 documents requested, we provided 40 of them. I also found that entries were misidentified. Some of the documents requested matched another invoice, for instance, Gentilly Mail was in fact Documart. However, this condition has been resolved with Families Helping Families of Southeast Louisiana, Inc.’s updating its record retention policies and procedures.

**FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.**

**SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED**

June 30, 2023

**Section II - FINANCIAL STATEMENT FINDINGS, CONTINUED**

**2023-003 Revenue Recognition and Receivable Tracking**

Criteria

Management of Families Helping Families of Southeast Louisiana, Inc. is responsible for the documentation of the components of internal control to include the implementation of a design and operation of internal control to ensure the accuracy in financial reporting.

Condition

During our audit, we noted that the Organization does not record a receivable when sending an invoice for work performed.

Effect

Receivables were not tracked and reported correctly throughout the year. We noted several invoice billings were not paid by the agency to whom the Organization sent them. Management believed all invoices had been paid and controls over collections were not operating effectively. This resulted in the Organization not being paid for certain work performed under certain contracts.

Cause

The Organization's accounting function had poor accounting practices and inadequate procedures and controls for recording and collecting receivables. Specifically, there were no formal policies or procedures in place for monitoring and collecting receivables, and there was no designated individual responsible for tracking and reconciling receivables.

Recommendation

We recommend that the Organization implement a formal policy and procedure for recording and collecting receivables, assign responsibility to a specific individual or team for monitoring and reconciling receivables on a regular basis, and ensure that appropriate oversight and review is conducted to ensure completeness and accuracy. Additionally, we recommend that management periodically review the effectiveness of the new policy and procedure to ensure that it is being followed and that adequate controls are in place to prevent future lapses in receivable recording and collection. By doing so, the Organization can ensure that their financial statements accurately reflect the total amount of revenues earned by the Organization.

Management's Response

Management has implemented an invoicing system within QuickBooks. Invoices will be added to QuickBooks and timely monitored for payments.

**FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.**

**SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED**

June 30, 2023

**Section II - FINANCIAL STATEMENT FINDINGS, CONTINUED**

**2023-004 – Untimely Submission of Audit Report**

Criteria

Pursuant to the requirement of Louisiana Statute R.S. 24:513 a. (5)(a)(i), annual financial reports shall be completed within six (6) months of the close of an entity's fiscal year and submitted to the Louisiana Legislative Auditor.

Condition

The June 30, 2023 audit report was not submitted to the Louisiana Legislative Auditor (LLA) by the statutory due date. A non-emergency extension to file the audit report with the LLA was approved.

Effect

The Organization has not complied with the audit reporting requirement of the State of Louisiana.

Cause

The requirement for the Organization to have a Single Audit was determined by the auditors in the beginning of June 2023. As such, the auditors needed adequate time to complete the single audit, which caused the entity-wide audit to be completed after the June 30, 2023 statutory due to file annual reports to the LLA.

Recommendation

We recommend that the management of the Organization ensure that its annual financial reports are completed and filed with the Louisiana Legislative Auditor by the statutory due date.

Management's Response

Management will immediately update its financial close-out procedures to ensure the financial statement have been timely completed and are accurate. Also, management will engage an auditor early to ensure they have enough time to complete the annual audit.

**FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.**

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

June 30, 2023

**Section II - FINANCIAL STATEMENT FINDINGS**

**2022-001 Reconciliation of Bank Accounts**

Criteria

Reconciliation of cash accounts is a key control over financial statement accuracy.

Condition

During our audit procedures, we noted that bank reconciliations were performed sporadically and inaccurately. By the date of our audit report, no reconciliations had been performed for the 2023 fiscal year.

Recommendation

We recommend that management implement a policy and procedure for monthly bank reconciliations, assign responsibility for this task to a specific individual or team, and ensure that appropriate oversight and review is conducted to ensure completeness and accuracy. Additionally, we recommend that management periodically review the effectiveness of the new policy and procedure to ensure that it is being followed and that adequate controls are in place to prevent future lapses in bank reconciliation procedures.

Current Status:

Unresolved. See current year finding number 2023-001.

**2022-002 Lack of Adequate Supporting Documentation**

Criteria

Adequate internal controls should include maintaining sufficient records (invoices, receipts, grant documents, contracts, agreements, etc.) to support the transactions underlying the related financial statement amounts.

Condition

During our revenue and expense testing we noted instances where supporting documentation, which include invoices and grant documents, was not available for review for certain transactions or were difficult to obtain.



**FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.**

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS, CONTINUED**  
June 30, 2023

**Section II - FINANCIAL STATEMENT FINDINGS, CONTINUED**

**2022-002 Lack of Adequate Supporting Documentation, Continued**

Recommendation

Orderly filing should be maintained to ensure proper control over all supporting documentation and invoices evidencing revenues, expenditures, etc. We recommend implementation of an online “cloud” based filing system with a trusted service provider.

Current Status:

Unresolved. See current year finding number 2023-002.

**2022-003 Revenue Recognition and Receivable Tracking**

Criteria

Under Generally Accepted Accounting Principles, organizations are required to record and report all receivables accurately and completely.

Condition

During our audit, we identified that the Organization does not record a receivable when sending invoices for work performed.

Recommendation

We recommend that the Organization implement a formal policy and procedure for recording and collecting receivables, assign responsibility to a specific individual or team for monitoring and reconciling receivables on a regular basis, and ensure that appropriate oversight and review is conducted to ensure completeness and accuracy. Additionally, we recommend that management periodically review the effectiveness of the new policy and procedure to ensure that it is being followed and that adequate controls are in place to prevent future lapses in receivable recording and collection. By doing so, the Organization can ensure that their financial statements accurately reflect the total amount of revenues earned by the Organization.

Current Status:

Unresolved. See current year finding number 2023-003.

**FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.**

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS, CONTINUED**

June 30, 2023

**Section II - FINANCIAL STATEMENT FINDINGS, CONTINUED**

**2022-004 Employee Receivables**

Criteria

Under Generally Accepted Accounting Principles, organizations are required to record and report all liabilities and receivables accurately and completely.

Condition

During our audit, we identified that the organization did not have adequate procedures and controls to track and record employee receivables.

Recommendation

We recommend that management implement a formal policy and procedure for tracking and recording employee receivables. This should include assigning responsibility to a specific individual or team for monitoring and reconciling employee receivables on a regular basis. Additionally, due to the Organization's cash flow issues we recommend that the Board of Directors approve all employee loans and that signed promissory notes be included in each employee's file who has a pay advance from the Organization.

Current Status:

Resolved.

**2022-005 Social Security and Medicare Taxes**

Criteria

Organizations are required to properly report and remit all payroll taxes to the relevant tax authorities.

Condition

During our audit procedures over payroll, we identified that the organization did not pay payroll taxes for the entire year on an employee's salary.

**FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.**

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS, CONTINUED**

June 30, 2023

**Section II - FINANCIAL STATEMENT FINDINGS, CONTINUED**

**2022-005 Social Security and Medicare Taxes, Continued**

Recommendation

We recommend that management immediately correct the payroll tax issue by paying all outstanding taxes and associated penalties and interest. Additionally, we recommend that management implement a formal policy and procedure for monitoring and remitting payroll taxes, assign responsibility to a specific individual or team for ensuring compliance with payroll tax requirements, and periodically review the effectiveness of the new policy and procedure to ensure that it is being followed and that adequate controls are in place to prevent future lapses in payroll tax remittance.

Current Status:

Resolved.

**2022-006 Non-Compliance With Louisiana's Financial Reporting Laws**

Criteria

The Organization is required to provide an annual financial report to the Louisiana Legislative Auditor no later than six months after its year end.

Condition

The Organization failed to comply with these laws, submitting the required report approximately 3 months after the required deadline.

Recommendation

The Board of Directors should put policies and procedures in place to ensure that required annual reports are filed in a timely manner.

Current Status:

Unresolved. See current year finding number 2023-004.