

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

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

Year Ended June 30, 2018

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Families Helping Families of
Southwest Louisiana, Inc.
Lake Charles, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Families Helping Families of Southwest Louisiana, Inc. (a non-profit organization) which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' 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 of 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.

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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 Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2018, on our consideration of Families Helping Families of Southwest 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 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 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 Southwest Louisiana, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Families Helping Families of Southwest Louisiana, Inc.'s 2017 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 4, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso CPAs, LLC

Sulphur, LA
December 16, 2018

Families Helping Families of Southwest Louisiana, Inc.
STATEMENT OF FINANCIAL POSITION

June 30, 2018
with comparative totals for 2017

ASSETS

	2018	2017
CURRENT ASSETS		
Cash and cash equivalents	\$ 146,646	\$ 159,838
Investments	251,000	231,961
Community Foundation investment	56,582	53,119
Gift card inventory	600	1,420
Grants receivable	50,026	51,879
Employee advance	-	345
Prepaid insurance	3,473	3,553
Total Current Assets	508,327	502,115
FIXED ASSETS		
Furniture, fixtures and equipment	42,221	46,237
Library	6,676	6,676
Building	67,728	67,728
Building improvements	197,395	197,395
Less accumulated depreciation	(139,967)	(134,465)
Total Fixed Assets	174,053	183,571
OTHER ASSETS		
Deposits	350	350
Total Assets	\$ 682,730	\$ 686,036

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 929	\$ 853
Accrued liabilities	11,082	13,760
Total Current Liabilities	12,011	14,613
Total Liabilities	12,011	14,613
NET ASSETS		
Unrestricted		
Board designated	56,582	53,119
Operating	440,084	434,733
Fixed assets	174,053	183,571
Total Unrestricted Net Assets	670,719	671,423
Total Liabilities and Net Assets	\$ 682,730	\$ 686,036

The accompanying notes are an integral part of these statements

Families Helping Families of Southwest Louisiana, Inc.

STATEMENT OF ACTIVITIES

Year ended June 30, 2018
with comparative totals for 2017

	2018			2017	
	UNRESTRICTED		TEMPORARILY RESTRICTED OPERATING	TOTAL	TOTAL
	BOARD DESIGNATED	OPERATING			
PUBLIC SUPPORT AND REVENUES					
Government grants	\$ -	\$ -	\$ 421,881	\$ 421,881	\$ 417,161
Contributions	-	-	33,426	33,426	25,784
Fund-raising/Special events	-	21,747	-	21,747	2,576
Miscellaneous income	-	10,141	-	10,141	2,874
Investment income	5,357	-	-	5,357	3,914
Unrealized gain	2,619	-	-	2,619	4,516
Total Public Support and Revenues	7,976	31,888	455,307	495,171	456,825
Reclassifications - net assets released from donor restrictions	(4,513)	459,820	(455,307)	-	-
Total Unrestricted Revenues and Reclassifications	3,463	491,708	-	495,171	456,825
EXPENSES					
Program service	-	437,472	-	437,472	411,420
Management and general	-	48,614	-	48,614	45,194
Fundraising	-	8,472	-	8,472	-
Loss on disposal of assets	-	419	-	419	-
Total Expenses	-	494,977	-	494,977	456,614
CHANGE IN NET ASSETS	3,463	(3,269)	-	194	211
NET ASSETS AT BEGINNING OF YEAR AS ORIGINALLY REPORTED	53,119	618,304	-	671,423	671,212
PRIOR PERIOD ADJUSTMENT	-	(898)	-	(898)	-
NET ASSETS AT BEGINNING OF YEAR AS RESTATED	53,119	617,406	-	670,525	671,212
NET ASSETS AT END OF YEAR	\$ 56,582	\$ 614,137	\$ -	\$ 670,719	\$ 671,423

The accompanying notes are an integral part of these statements

**Families Helping Families
of Southwest Louisiana, Inc.**

Statement of Functional Expenses
For the Year Ended June 30, 2018
with comparative totals for 2017

	Program Services		Supporting Services		Total Services	Total Services
			Management and General	Fundraising	2018	2017
	\$	\$	\$	\$	\$	\$
Advertising and Promotion	2,819	134	9	2,962	4,018	
Bank Service Charges	22	227	-	249	299	
Books and Subscriptions	265	29	-	294	839	
Client/Project Services	3,114	-	-	3,114	19,347	
Conferences and Forums	4,345	265	-	4,610	7,088	
Insurance	15,468	1,719	-	17,187	15,852	
Investment Fees	427	47	-	474	-	
Membership Dues	1,445	161	-	1,606	866	
Miscellaneous	711	77	-	788	450	
Office Expense and Supplies	4,493	499	-	4,992	5,484	
Payroll Taxes	25,556	1,626	-	27,182	21,792	
Postage and Shipping	2,187	243	-	2,430	4,180	
Printing and Publications	1,852	206	-	2,058	2,403	
Professional Fees	6,075	675	-	6,750	6,750	
Occupancy	5,405	601	4,024	10,030	4,787	
Repairs and Maintenance	5,125	569	-	5,694	5,736	
Salaries and Wages	314,186	18,795	-	332,981	278,012	
Special Events	-	20,233	-	20,233	17,309	
Staff Development	3,658	406	-	4,064	2,489	
Supplies	9,202	-	4,439	13,641	24,596	
Taxes and Licenses	-	-	-	-	1,292	
Telephone	6,543	727	-	7,270	7,366	
Travel and Transportation	12,862	90	-	12,952	11,943	
Utilities	3,509	390	-	3,899	4,289	
Total Functional Expenses						
Before Depreciation and Other Expenses	429,269	47,719	8,472	485,460	447,187	
Depreciation Expense	8,203	895	-	9,098	9,427	
Total Functional Expenses	\$ 437,472	\$ 48,614	\$ 8,472	\$ 494,558	\$ 456,614	

The accompanying notes are an integral part of these statements

Families Helping Families of Southwest Louisiana, Inc.

STATEMENT OF CASH FLOWS

Year ended June 30, 2018
with comparative totals for 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from grantors	\$ 423,734	\$ 400,431
Receipts from contributors and others	56,842	31,234
Interest received	7,976	3,914
Payments to employees	(362,496)	(269,084)
Payments for supplies and others	<u>(116,747)</u>	<u>(169,253)</u>
Net cash provided (used) by operating activities	9,309	(2,758)
CASH FLOWS FROM INVESTING ACTIVITIES		
Reinvestment in Community Foundation assets	(3,462)	(4,516)
Reinvestment in certificate of deposits	<u>(19,039)</u>	<u>(3,908)</u>
Net cash provided (used) by investing activities	<u>(22,501)</u>	<u>(8,424)</u>
Net increase (decrease) in cash and cash equivalents	(13,192)	(11,182)
Cash and cash equivalents, beginning of year	<u>159,838</u>	<u>171,020</u>
Cash and cash equivalents, end of year	<u>\$ 146,646</u>	<u>\$ 159,838</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Change in net assets	\$ 194	\$ 211
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	9,098	9,427
Net (increase) decrease in:		
Prepaid expense	80	(8)
Employee advances	345	(345)
Loss on disposal of fixed assets	419	-
Gift card inventory	820	(1,420)
Accounts and credit card payable	(822)	(2,822)
Payroll taxes payable	(2,678)	8,929
Grants receivable	<u>1,853</u>	<u>(16,730)</u>
Net cash provided (used) by operating activities	<u>\$ 9,309</u>	<u>\$ (2,758)</u>

The accompanying notes are an integral part of these statements

Families Helping Families of Southwest Louisiana, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Families Helping Families of Southwest Louisiana, Inc. have been prepared on the accrual basis and in conformity with the standards promulgated by the American Institute of Certified Public Accountants in its audit guide for voluntary health and welfare organizations.

1. Organization and Purpose

Families Helping Families of Southwest Louisiana, Inc. was established in Lake Charles, Louisiana in 1991 as part of a statewide network of family resource centers. This center serves not only Calcasieu Parish, but also Allen, Beauregard, Cameron and Jeff Davis parishes. The agencies throughout the state are not-for-profit organizations designed to offer information and resources including referrals, education and training and peer to peer support to individuals and family members of individuals with special needs.

The Agency is funded by donations and personal contributions, fundraisers, and various grants from the State of Louisiana and community organizations.

2. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification, *Financial Statements of Non-For-Profit Organization, (ASC 958-205)*. Under ASC 958-205, the Council is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

3. Cash and Cash Equivalents

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

4. Fixed Assets

Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Agency reclassifies temporarily restricted net assets to unrestricted net assets at that time. No restrictions have been placed on assets donated to the agency.

Families Helping Families of Southwest Louisiana, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Fixed Assets (continued)

Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Depreciation expense for the year ended June 30, 2018 is \$9,098.

The useful lives of fixed assets for purposes of computing depreciation are:

Furniture, fixtures, and equipment	5 – 10 Years
Buildings	40 Years
Improvements	20 – 40 Years
Library	5 Years

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations. The Agency follows the practice of capitalizing all expenditures for all property and equipment in excess of \$1,000.

5. Income Taxes

The Agency is a not for profit organization that is exempt from income tax under Section 501 (c) (3) of the Internal Revenue Code and comparable state law. In addition, the Agency has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the code. Therefore, no provision has been made for federal or state income taxes in the accompanying statements.

6. Contributed Services

During the year ended June 30, 2018, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assists the Agency, but these services do not meet the criteria for recognition as contributed services.

7. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's 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. Actual results could differ from those estimates.

Families Helping Families of Southwest Louisiana, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as a net asset released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions.

9. Concentration of Revenue and Support

The Agency receives funding primarily from grants from the State of Louisiana Department of Health and Hospitals, State Department of Education, and State Department of Social Services. If funding from these Departments were no longer available to the Agency, the operations of the Agency could be adversely impacted.

10. Advertising Costs

Advertising costs are charged to operations when incurred. Total advertising costs for the year ended June 30, 2018 were \$2,953.

11. Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

NOTE B – RETIREMENT BENEFITS

The Agency does not provide retirement benefits. Employees participate in the Social Security system. The Agency is not responsible for any post-employment benefits. The Agency has only the usual obligation to make current matching payments of the Social Security system for active employees.

NOTE C – COMPENSATED ABSENCES

Employees of Families Helping Families of Southwest Louisiana, Inc. are entitled to paid vacation, paid sick days and personal days off depending on job classification, length of service and other factors. The value of these compensated absences was not recorded due to their immateriality. The Agency's policy is to recognize the costs of those compensated absences when actually paid to employees.

Families Helping Families of Southwest Louisiana, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE D – CASH AND CASH EQUIVALENTS

The Agency maintains the following cash accounts:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Savings Account	\$ 12,053	\$ 12,048
Operating Account	147,785	158,972
Money Market Accounts	<u>-</u>	<u>-</u>
	\$ <u>159,838</u>	\$ <u>171,020</u>

NOTE E – CONCENTRATION OF CREDIT RISK

Financial instruments that are exposed to concentrations of credit risk consist of investments and grants receivable. The investment in the Community Foundation of Southwest Louisiana, Inc. and Morgan Stanley, are in high quality institutions. The investment is reported at fair market value. Grants receivable are principally with departments of the State of Louisiana for services performed. The Agency considers these amounts collectible and is reported at net realizable values.

NOTE F – INVESTMENTS

Investments are carried at fair value based on quoted prices in active markets (all Level 1 Measurements) and consist of the following at June 30, 2018 and 2017:

	<u>FMV</u>	
	<u>2018</u>	<u>2017</u>
Certificate of Deposit - Cetera Investments Services, LLC	\$ 35,345	\$ 29,661
Certificate of Deposit - Jeff Davis Prime Investments	200,505	202,300
Certificate of Deposit - Morgan Stanley Investments	<u>15,150</u>	<u>-</u>
	\$ <u>251,000</u>	\$ <u>231,961</u>

The interest income from the investments was \$3,889 for the year ended June 30, 2018 and \$5,357 for the year ended June 30, 2017. The investments and the investment income are all unrestricted as of June 30, 2018.

Families Helping Families of Southwest Louisiana, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE G – INVESTMENTS – BOARD-DESIGNATED ENDOWMENT

On August 5, 2015, the Board of Directors designated \$51,811 of unrestricted net assets for the establishment an endowment fund known as the Families Helping Families of Southwest Louisiana Fund with the Community Foundation of Southwest Louisiana (the Foundation).

The Organization may request all or any part of the assets of the Fund be distributed to the Organization at any time. Distributions from the Fund shall be made at such times, in such amounts, in such ways and for such charitable, educational, scientific, literary, or religious purposes and for administrative purposes related to the Fund, all in furtherance of the qualified tax-exempt purposes of the Foundation and the Organization.

In the fourth quarter of each year, the Foundation’s Board of Directors establishes the amounts to be distributed from each Endowment Fund during each of the four (4) calendar quarters of the following year. This distribution amount determined as of the end of each such quarter usually will be paid out during the following calendar quarter. Presently, the Board has authorized up to five percent (5%) as the distribution rate.

Although, in the absence of a limitation in the document establishing the Endowment Fund, the ordinary income of the Endowment Fund can always be distributed annually; however, the amount which may be distributed from the principal of any Endowment Fund cannot cause the fair value of the Endowment Fund to drop below its Historic Dollar Value. All grant awards or other distributions are made in the name of the Endowment which provides the funds for the distribution.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with various investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported on the financial statements.

Changes in the endowment net assets for the years ended June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Board-designated endowment net assets, July 1, 2017	\$ 53,119	\$ 48,603
Investment Return	3,463	4,516
Board-designated endowment net assets, June 30, 2018	<u>\$ 56,582</u>	<u>\$ 53,119</u>

The following schedule summarizes the investment return in the Statement of Activities for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Investment pool gains (losses)	\$ 2,620	\$ 3,768
Income on investments	1,317	1,132
Investment expenses	(474)	(384)
Investment return	<u>\$ 3,463</u>	<u>\$ 4,516</u>

Families Helping Families of Southwest Louisiana, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE H – ALLOCATION OF PROGRAM VS. SUPPORT EXPENSES

Expenses were allocated in the accompanying financial statements to program and support services functional expense groups. An allocation of the operating expenses of the Agency has been made on the basis of Board policy and management's estimate of 10% support and 90% program. Costs relating directly to the mission of the Agency are allocated as 100% program and expenditures for support matters and direct fund-raising costs are considered 100% support.

NOTE I – LEASES

On March 27, 2018, the Agency entered into a sixty-three (63) month operating lease agreement for its copier from Marlin Leasing. The monthly lease payment is \$169 per month, plus applicable taxes and fees. Future minimum payments by year as of June 30, 2018 are as follows:

<u>Year Ending</u>	<u>Copier Lease</u>
June 30, 2019	2,455
June 30, 2020	2,455
June 30, 2021	2,455
June 30, 2022	2,455
June 30, 2023	213
	<u>10,033</u>

NOTE J – SUBSEQUENT EVENT

Subsequent events were evaluated through December 14, 2018, which is the date the financial statements were available to be issued.

NOTE K – PRIOR PERIOD ADJUSTMENT

The Agency made adjustments to the prior years' accounts payable as of June 30, 2018. This resulted in a decrease of \$898 to unrestricted net assets at June 30, 2018.

OTHER INFORMATION

Families Helping Families of Southwest Louisiana, Inc.

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2018

Agency Head Name: Susan Riehn, Executive Director

Purpose	Amount
Salary	\$43,500
Benefits- insurance	\$265
Benefits- retirement	\$0
Benefits- other	\$0
Car allowance	\$0
Vehicle provided by government	\$0
Per diem	\$0
Reimbursements	\$0
Travel	\$1,064
Registration fees	\$0
Continuing professional education fees	\$0
Housing	\$0
Unvouchered expenses	\$0
Special meals	\$0

THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT

McMullen and Mancuso
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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 *GOVERNMENT
AUDITING STANDARDS***

To the Board of Directors
Families Helping Families of
Southwest Louisiana, Inc.
Lake Charles, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Families Helping Families of Southwest Louisiana, Inc. (a nonprofit corporation) which comprise the statement of financial position as of June 30, 2018, 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 December 16, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 Families Helping Families of Southwest 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.

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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.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso CPAs, LLC

Sulphur, LA

December 16, 2018

Families Helping Families of Southwest Louisiana, Inc.

SCHEDULE OF FINDINGS

Year Ended June 30, 2018

We have audited the financial statements of Families Helping Families of Southwest Louisiana, Inc. as of and for the year ended June 30, 2018, and have issued our report thereon dated December 16, 2018. 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. Our audit of the financial statements as of June 30, 2018 resulted in an unmodified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Management Letter

There were no current year management letter comments.

Section II Financial Statement Findings

There were no current year financial statement findings.

Families Helping Families of Southwest Louisiana, Inc.

SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended June 30, 2018

Ref No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken
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Section I - Internal Control and Compliance Material to the Financial Statements:

There were no prior year financial statement findings.

Section II - Management Letter:

There were no prior year management letter comments.