

**Families Helping Families
of Greater Baton Rouge, Inc.
Baton Rouge, Louisiana
June 30, 2017**

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

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Families Helping Families of Greater Baton Rouge, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, 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 opinions on these financial statements based on our audits. We conducted our audits 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Families Helping Families of Greater Baton Rouge, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 of chief executive officer on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2017, on our consideration of Families Helping Families of Greater Baton Rouge, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Greater Baton Rouge, Inc.'s internal control over financial reporting and compliance.

Hawthorn, Wainwright & Arnold, LLP

November 14, 2017

Families Helping Families of Greater Baton Rouge, Inc.
Statements of Financial Position
June 30, 2017 and 2016

Assets

	<u>2017</u>	<u>2016</u>
Current Assets		
Cash and Cash Equivalents	\$ 206,800	\$ 183,538
Accounts Receivable, net	27,875	72,386
Prepaid Expenses	<u>170</u>	<u>2,105</u>
Total Current Assets	234,845	258,029
Property and Equipment, net	<u>503,736</u>	<u>523,812</u>
Total Assets	<u>\$ 738,581</u>	<u>\$ 781,841</u>

Liabilities and Net Assets

Current Liabilities		
Accounts Payable	\$ 742	\$ 1,535
Accrued Liabilities	15,609	5,662
Unrelated Business Income Taxes Payable	7,653	5,585
Current Maturities of Long-Term Debt	<u>18,053</u>	<u>17,315</u>
Total Current Liabilities	42,057	30,097
Long-Term Debt, less current maturities	338,213	353,763
Net Assets, unrestricted	<u>358,311</u>	<u>397,981</u>
Total Liabilities and Net Assets	<u>\$ 738,581</u>	<u>\$ 781,841</u>

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

Families Helping Families of Greater Baton Rouge, Inc.
Statements of Activities
Years Ended June 30, 2017 and 2016

	<u>Unrestricted</u>	
	<u>2017</u>	<u>2016</u>
Revenue and Other Support		
Contracts and Grants	\$ 311,169	\$ 363,585
Fundraising	128,888	172,192
Donations	21,935	28,942
Rent	12,750	8,195
Interest	231	256
Other Income	<u>7,016</u>	<u>564</u>
Total Revenue and Other Support	<u>481,989</u>	<u>573,734</u>
Expenses		
Program	350,066	424,453
Management and General	104,844	113,975
Fundraising	<u>59,096</u>	<u>68,150</u>
Total Expenses	<u>514,006</u>	<u>606,578</u>
Change in Net Assets Before		
Provision for Federal Income Tax	(32,017)	(32,844)
Provision for Federal Income Tax		
	<u>7,653</u>	<u>5,585</u>
Change in Net Assets		
	(39,670)	(38,429)
Net Assets, beginning of period	<u>397,981</u>	<u>436,410</u>
Net Assets, end of period	<u>\$ 358,311</u>	<u>\$ 397,981</u>

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

Families Helping Families of Greater Baton Rouge, Inc.
Statements of Functional Expenses
Years Ended June 30, 2017 and 2016

	June 30, 2017				June 30, 2016			
	Program	Management and General	Fund- Raising	Total	Program	Management and General	Fund- Raising	Total
Expenses								
Accounting Services	\$ -	\$ -	\$ 1,938	\$ 1,938	\$ -	\$ -	\$ 1,755	\$ 1,755
Advertising	-	1,347	-	1,347	-	135	-	135
Audit Fees	-	11,861	989	12,850	-	8,975	975	9,950
Conference and Convention	875	-	-	875	2,751	-	-	2,751
Consulting	332	1,328	-	1,660	3,022	12,088	-	15,110
Contract Labor	645	-	-	645	-	-	500	500
Depreciation	16,061	4,015	-	20,076	17,864	4,466	-	22,330
Dues and Subscriptions	299	-	-	299	637	-	-	637
Education and Training	1,587	1,524	-	3,111	8,175	7,855	-	16,030
Equipment Rental	181	45	-	226	1,533	233	150	1,916
Insurance	8,864	5,292	289	14,445	7,783	5,182	265	13,230
Interest	17,397	1,513	-	18,910	15,365	544	-	15,909
Miscellaneous	-	7,943	1,868	9,811	-	3,484	1,592	5,076
Office Supplies	3,161	790	8,442	12,393	3,845	961	12,430	17,236
Payroll	250,482	44,203	20,136	314,821	255,325	45,057	22,450	322,832
Payroll Taxes	23,570	2,000	791	26,361	23,570	3,599	840	28,009
Postage and Shipping	1,340	302	33	1,675	1,994	26	473	2,493
Printing and Publications	-	5,395	1,172	6,567	-	3,881	70	3,951
Rent	-	-	19,478	19,478	-	-	18,422	18,422
Repairs and Maintenance	7,334	1,834	-	9,168	12,597	3,149	-	15,746
Stipend	-	-	-	-	53,647	-	-	53,647
Supplies	4,835	4,834	3,960	13,629	3,483	3,482	8,228	15,193
Telecommunications	5,935	5,935	-	11,870	6,347	6,347	-	12,694
Travel and Lodging	3,018	533	-	3,551	2,432	429	-	2,861
Utilities	4,150	4,150	-	8,300	4,083	4,082	-	8,165
Total Expenses	\$ 350,066	\$ 104,844	\$ 59,096	\$ 514,006	\$ 424,453	\$ 113,975	\$ 68,150	\$ 606,578

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

Families Helping Families of Greater Baton Rouge, Inc.
Statements of Cash Flows
Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ (39,670)	\$ (38,429)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided By (Used in) Operating Activities		
Depreciation	20,076	22,330
(Increase) Decrease in Assets:		
Receivables	44,511	(43,804)
Prepaid Expenses	1,935	5,382
Increase (Decrease) in Liabilities:		
Accounts Payable	(793)	(1,074)
Accrued Liabilities	9,947	(3,397)
Unrelated Business Income Taxes Payable	<u>2,068</u>	<u>3,462</u>
Net Cash Provided By (Used in) Operating Activities	<u>38,074</u>	<u>(55,530)</u>
Cash Flows From Financing Activities		
Principal Payments on Long-Term Debt	<u>(14,812)</u>	<u>(17,806)</u>
Net Cash Used in Financing Activities	<u>(14,812)</u>	<u>(17,806)</u>
Net Change in Cash and Cash Equivalents	23,262	(73,336)
Cash and Cash Equivalents, beginning of year	<u>183,538</u>	<u>256,874</u>
Cash and Cash Equivalents, end of year	<u>\$ 206,800</u>	<u>\$ 183,538</u>
Supplemental Disclosure of Cash Flow Information		
Cash Paid During the Year for Interest	<u>\$ 18,910</u>	<u>\$ 15,909</u>
Cash Paid During the Year for Unrelated Business Income Taxes	<u>\$ 5,585</u>	<u>\$ 2,123</u>

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

Families Helping Families of Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2017

Note 1-Nature of Operations

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

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

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

Children's Special Health Services (CSHS - Parent Liaison) - Provides information, referral, education, training, and one-on-one support to families enrolled in CSHS.

Louisiana Developmental Disabilities Council (LADDC) - Provides administrative and related functions allowing FHFGBR to advocate for and support people with developmental disabilities to exercise control over their lives and participate fully in the community.

Capital Area Human Services District (CAHSD/OCDD) - Provides information and referrals to individuals with developmental disabilities and their families through workshops, presentations, and one-on-one support.

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

Ability Awareness Training (AAT) - Offered to individuals, or any entity, wanting to develop or improve an inclusive environment. AAT teaches effective communication skills necessary to remove barriers from employment and inclusion in the community.

Family 2 Family Health Information Center (F2FHIC) - Provides support to families with children who have special health care needs by providing information and referral services regarding their child's health care and learning how to advocate for their child.

Note 2-Summary of Significant Accounting Policies

A. Basis of Accounting and Presentation

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

Families Helping Families of Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2017

Note 2-Summary of Significant Accounting Policies (Continued)

A. Basis of Accounting and Presentation (Continued)

FHFGBR reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets include those net assets whose use by FHFGBR is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation. Temporarily restricted net assets are those net assets whose use by FHFGBR has been limited by donors (a) to later periods of time or other specific dates or (b) for specified purposes. Permanently restricted net assets are those net assets received with donor-imposed restrictions limiting FHFGBR's use of the assets. At June 30, 2017 and 2016, FHFGBR had no temporarily or permanently restricted net assets.

B. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates that were used.

C. Cash and Cash Equivalents

For purposes of the statements of cash flows, FHFGBR considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Included in cash and cash equivalents at June 30, 2017 and 2016 is cash of \$11,007 and \$14,248, respectively, required to be held in a separate bank account for the purpose of charitable gaming.

D. Accounts Receivable

Accounts receivable are recorded at net realizable value consisting of the carrying amount less an allowance for doubtful accounts. FHFGBR determines its allowance for doubtful accounts based on prior years' experiences and management's analysis of possible bad debts. FHFGBR uses the specific identification allowance method, charging off old receivables on a case-by-case basis. FHFGBR considers all accounts receivable at June 30, 2017 and 2016 to be fully collectible and, therefore, did not provide an allowance for doubtful accounts.

E. Property and Equipment

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

Families Helping Families of Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2017

Note 2-Summary of Significant Accounting Policies (Continued)

F. Revenue Recognition

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily or permanently restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Grants, which are considered exchange transactions, are recognized as revenue when allowable costs are incurred to provide the services specified under the terms of the grant agreements. Advances under the grants are recorded as deferred income until such time as they can be recognized as revenue.

G. Income Taxes

FHFGBR is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an entity other than a private foundation within the meaning of Section 509(a). However, income from certain activities not directly related to FHFGBR's tax-exempt purpose is subject to taxation as unrelated business income. As of June 30, 2017 and 2016, FHFGBR owed \$7,653 and \$5,585, respectively, of income tax on the unrelated business activities.

Management has determined that there are no uncertain tax positions that would require recognition in the financial statements. If FHFGBR 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.

Note 3-Property and Equipment

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

	<u>2017</u>	<u>2016</u>
Land	\$ 150,000	\$ 150,000
Building	430,000	430,000
Equipment	47,543	47,543
Furniture and fixtures	<u>38,565</u>	<u>38,565</u>
	666,108	666,108
Less: accumulated depreciation	<u>162,372</u>	<u>142,296</u>
	<u>\$ 503,736</u>	<u>\$ 523,812</u>

Families Helping Families of Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2017

Note 4-Long-Term Debt

	<u>2017</u>	<u>2016</u>
Note payable to a financial institution, due in monthly principal and interest installments totaling \$2,810, with a final payment of \$250,833 in November 2021, bearing interest at 4.50%, collateralized by building and land.	\$ 356,266	\$ 371,078
Less: current maturity of long-term debt	<u>18,053</u>	<u>17,315</u>
	<u>\$ 338,213</u>	<u>\$ 353,763</u>

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

2018	\$ 18,053
2019	18,882
2020	19,750
2021	20,657
2022	<u>278,924</u>
	<u>\$ 356,266</u>

Note 5-Contingencies

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

Note 6-Economic Dependency

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

Note 7-Board of Directors Compensation

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

Families Helping Families of Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2017

Note 8-Operating Leases

FHFGBR pays rent on a month-to-month basis to their bingo hall management company. Rent payments are calculated as a percentage of games played and remitted on a monthly basis. Total rent expense for the years ended June 30, 2017 and 2016 was \$19,478 and \$18,422, respectively.

Note 9-Subsequent Events

FHFGBR evaluated all subsequent events through November 14, 2017, the date the financial statements were available to be issued. As a result, FHFGBR noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

Supplementary Information

**Families Helping Families of Greater Baton Rouge, Inc.
Schedule of Compensation, Benefits, and Other Payments to
Agency Head or Chief Executive Officer
Year Ended June 30, 2017**

Agency Head Name: Jamie Tindle, Executive Director

Salary	\$ 64,225
Benefits - insurance	0
Benefits - retirement	0
Benefits - cell phone	1,250
Car allowance	0
Vehicle provided by agency	0
Per diem	0
Reimbursements	166
Travel	206
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Families Helping Families of Greater Baton Rouge, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 14, 2017.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that 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 did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies (2017-001, 2017-002, 2017-003, 2017-004, and 2017-005).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether FHFGBR'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 2017-002.

FHFGBR's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Families Helping Families of Greater Baton Rouge, 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 Greater Baton Rouge, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



November 14, 2017

Families Helping Families of Greater Baton Rouge, Inc.
Schedule of Current Year Findings and Responses
Year Ended June 30, 2017

Findings - Financial Statement Audit

2017-001: Segregation of Duties

Condition:

Due to the small size of FHFGBR, ideal segregation of duties cannot be achieved.

Criteria:

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

Cause:

The size of FHFGBR does not permit proper segregation of duties.

Effect:

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

Auditor's Recommendation:

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

Management's Corrective Action Plan:

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

2017-002: Untimely Payroll Tax Deposits

Condition:

FHFGBR was making payroll tax deposits on a monthly basis, when they were required to make payments on a semi-weekly basis.

Criteria:

Per IRS guidelines, FHFGBR is required to be a semi-weekly depositor for calendar year 2017 per the lookback method.

Cause:

Management was unaware of the requirements concerning the lookback method.

Effect:

Late payroll tax deposits resulted in penalties owed to the IRS.

Families Helping Families of Greater Baton Rouge, Inc.
Schedule of Current Year Findings and Responses
Year Ended June 30, 2017

Findings - Financial Statement Audit (Continued)

2017-002: Untimely Payroll Tax Deposits (Continued)

Auditor's Recommendation:

FHFGBR should remit payroll taxes the week following payroll in accordance with IRS guidelines.

Management's Corrective Action Plan:

Due to turnover in this position over the past year, management plans to outsource the payroll function to a reputable payroll company. Outsourcing this function will provide more consistency and accuracy as well as eliminate late payments and penalties.

2017-003: Form 941 Incorrectly Filed

Condition:

The 3rd quarter Form 941 filed for 2016 did not agree to the general ledger.

Criteria:

Per IRS guidelines, Part 2 of the Form 941 requires the entity to disclose the total tax liability for the three months included in the quarter of which they are filing.

Cause:

The liabilities per Part 2 of the Form 941 did not agree to payroll tax deposits recorded in the general ledger.

Effect:

Form 941 was incorrectly filed.

Auditor's Recommendation:

FHFGBR should review the monthly liabilities per the Form 941 and ensure that they agree to the payments made on the general ledger before filing.

Management's Corrective Action Plan:

Management plans to outsource the payroll function to a third party to improve accuracy and efficiency of FHFGBR's payroll reporting. Also, the Executive Director and Treasurer will meet monthly to review and discuss the financial statements (including payroll tax liabilities) and any necessary changes.

2017-004: Lack of Internal Controls of Credit Card Usage Approval

Condition:

There is no documented evidence of review and approval for credit card transactions.

Families Helping Families of Greater Baton Rouge, Inc.
Schedule of Current Year Findings and Responses
Year Ended June 30, 2017

Findings - Financial Statement Audit (Continued)

2017-004: Lack of Internal Controls of Credit Card Usage Approval (Continued)

Criteria:

Per FHFGBR's internal control procedures, a position higher than the Executive Director should be approving the E.D.'s expense reimbursements (i.e., a board member), and since it is the E.D.'s credit card, a board member should be reviewing and approving the credit card transactions.

Cause:

Inconsistent application of internal control procedures.

Effect:

Possible misappropriation of funds.

Auditor's Recommendation:

A board member should review and document approval of all credit card charges made on the Executive Director's credit card.

Management's Corrective Action Plan:

The Executive Director will submit all credit card charges for approval to a board member on a weekly basis. All receipts are to be attached and reconciled each month to the credit card statement and issued to a board member for final approval prior to payment. Any discrepancies in charges or receipts will be addressed at this time.

2017-005: Untimely Payment of Bills Resulting in Late Fees/Penalties

Condition:

Credit card bills were paid after the due date.

Criteria:

Bills should be paid timely.

Cause:

Inconsistent monitoring of outstanding bills.

Effect:

Late fees were assessed to the Organization.

Auditor's Recommendation:

FHFGBR should pay all bills in a timely manner.

Management's Corrective Action Plan:

A master list of due dates will be created to act as a reminder to the accounting personnel. This list will also serve as verification of bill payments by requiring a signature and date when the bill is paid. The Executive Director and accounting personnel will meet regularly to review the list.

**Families Helping Families of Greater Baton Rouge, Inc.
Schedule of Prior Year Findings and Responses
Year Ended June 30, 2017**

Findings - Financial Statement Audit

2016-001: Segregation of Duties

Condition:

Due to the small size of FHFGBR, ideal segregation of duties cannot be achieved.

Criteria:

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

Cause:

The size of FHFGBR does not permit proper segregation of duties.

Effect:

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

Auditor's Recommendation:

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

Management's Corrective Action Plan:

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

Status:

This repeats as current year finding 2017-001.

2016-002: Bank Reconciliations

Condition:

Bank reconciliations for the operating cash account did not agree to the general ledger.

Criteria:

The register balance per the bank reconciliation should agree to the balance per the general ledger.

Cause:

Transactions that were marked as cleared on the bank reconciliation were either edited or deleted after the reconciliation was performed.

Families Helping Families of Greater Baton Rouge, Inc.
Schedule of Prior Year Findings and Responses
Year Ended June 30, 2017

Findings - Financial Statement Audit (Continued)

2016-002: Bank Reconciliations (Continued)

Effect:

There is a higher risk of fraud related to misappropriation of assets.

Auditor's Recommendation:

Once the bank reconciliation is performed, management should check that the register balance agrees to the general ledger, and the period should be closed so that no transactions can be edited, deleted, or posted to that period.

Management's Corrective Action Plan:

Upon completion of the bank reconciliation, management will review the reconciliation and register, as well as the general ledger to confirm that all cash accounts are in balance. After review by management, a copy will be forwarded to the Treasurer for a second review.

Status:

This finding was resolved in the current year.

2016-003: Untimely Payroll Tax Deposits

Condition:

Four payroll tax deposits were paid late (10/9/15, 11/18/15, 1/4/16, and 1/6/16).

Criteria:

Payroll tax deposits should be made timely according to the employer's correct frequency (monthly or semiweekly) to avoid penalties.

Cause:

Improper oversight regarding payroll tax deposits.

Effect:

Late payroll tax deposits resulted in penalties owed to the IRS.

Auditor's Recommendation:

Payroll tax deposits should be made in accordance with IRS requirements to avoid penalties.

Management's Corrective Action Plan:

The recent turnover in this position has caused the late filing of several payroll tax deposits. To correct this, management will review the payroll tax filing deadlines with the responsible staff, cross-train, and require notifications be set up on these dates. In addition, a confirmation report will be required to be given to management upon payment of the payroll tax deposits.

Families Helping Families of Greater Baton Rouge, Inc.
Schedule of Prior Year Findings and Responses
Year Ended June 30, 2017

Findings - Financial Statement Audit (Continued)

2016-003: Untimely Payroll Tax Deposits (Continued)

Status:

This repeats as current year finding 2017-002.