

FIRST BAPTIST CHURCH,
DENHAM SPRINGS, LOUISIANA

REPORT ON REVIEW OF FINANCIAL STATEMENTS
REPORT ON APPLYING AGREED-UPON PROCEDURES
INCLUDING THE LOUISIANA
ATTESTATION QUESTIONNAIRE

DECEMBER 31, 2021

DENHAM SPRINGS, LOUISIANA

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Independent Accountant's Review Report

To the Church Council
First Baptist Church, Denham Springs, Louisiana
Denham Springs, Louisiana

We have reviewed the accompanying financial statements of First Baptist Church, Denham Springs, Louisiana (the Church), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of First Baptist Church, Denham Springs, Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Basis for Qualified Conclusion

As disclosed in Note 1 to the financial statements, accumulated depreciation and depreciation expense has not been recorded in the financial statements. Additionally, we were unable to obtain sufficient appropriate audit evidence about the carrying amount of certain property and equipment owned by the Church that was placed in service prior to August 2016 as those records were destroyed in a significant flooding event.

Accounting principles generally accepted in the United States of America require property and equipment to be capitalized as assets based on historical costs necessary to place those assets in service and related depreciation to be recorded each period based on estimated useful lives and appropriate depreciation methods. The effects on the accompanying financial statements for the factors listed above related to property and equipment and accumulated depreciation and depreciation expense have not been determined.

Qualified Conclusion

Based on our review, except for the effect of the matter described in the Basis for Qualified Conclusion paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Respectfully submitted,

Hanniss T. Bourgeois, LLP

Baton Rouge, Louisiana
June 27, 2022

FIRST BAPTIST CHURCH, DENHAM SPRINGS, LOUISIANA

STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2021

ASSETS

Current Assets:

Cash and Cash Equivalents:

Cash Held at Financial Institutions

\$ 1,642,961

Floating Rate Demand Notes

78,461

1,721,422

Investments

1,645,057

Total Current Assets

3,366,479

Property and Equipment

13,509,374

Construction in Progress

4,098,536

Total Assets

\$ 20,974,389

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable

\$ 247,289

Accrued Liabilities

4,010

Total Current Liabilities

251,299

Net Assets:

Without Donor Restrictions:

Designated

653,333

Undesignated

19,097,419

Total Without Donor Restrictions

19,750,752

With Donor Restrictions:

Restricted for Purpose

972,338

Total Net Assets

20,723,090

Total Liabilities and Net Assets

\$ 20,974,389

See independent accountant's review report and accompanying notes.

FIRST BAPTIST CHURCH, DENHAM SPRINGS, LOUISIANA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions	\$ 1,902,402	\$ 478,003	\$ 2,380,405
Grant Income	479,318	-	479,318
Kindergarten and Mother's Day Out			
Tuition (MDO)	300,416	-	300,416
Interest Income	125,217	-	125,217
Net Gain on Investments	127,834	-	127,834
Net Assets Released from Restrictions	83,474	(83,474)	-
	3,018,661	394,529	3,413,190
Expenses:			
Program Services:			
Ministry	1,259,918	-	1,259,918
Kindergarten and Mother's Day Out	301,198	-	301,198
	1,561,116	-	1,561,116
Supporting Services:			
General and Administrative	313,167	-	313,167
	1,874,283	-	1,874,283
Change in Net Assets	1,144,378	394,529	1,538,907
Net Assets at Beginning of Year	18,606,374	577,809	19,184,183
Net Assets at End of Year	\$ 19,750,752	\$ 972,338	\$ 20,723,090

See independent accountant's review report and accompanying notes.

FIRST BAPTIST CHURCH, DENHAM SPRINGS, LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services			Supporting Services	
	Ministry	Kindergarten and MDO	Total	General and Administrative	Total
Personnel	\$ 563,140	\$ 206,595	\$ 769,735	\$ 140,785	\$ 910,520
Payroll Taxes	13,244	15,805	29,049	3,311	32,360
Bank Fees	12,574	1,796	14,370	3,593	17,963
Utilities	50,942	7,277	58,219	14,555	72,774
Materials, Supplies, Curriculum	62,005	26,188	88,193	8,709	96,902
Promotional	9,018	-	9,018	-	9,018
Computer, Equipment, and Technology	8,161	9,911	18,072	27,962	46,034
Missions	194,041	-	194,041	-	194,041
Events, Retreats, Camps	71,661	-	71,661	-	71,661
Insurance	42,388	6,055	48,443	12,111	60,554
Repairs, Maintenance, Small Furnishings, Custodial, and Security	196,494	27,405	223,899	54,809	278,708
Professional Fees	-	-	-	47,000	47,000
Training and Conferences	2,569	166	2,735	332	3,067
Ministry - Other	33,681	-	33,681	-	33,681
	<u>\$1,259,918</u>	<u>\$ 301,198</u>	<u>\$1,561,116</u>	<u>\$ 313,167</u>	<u>\$1,874,283</u>

See independent accountant's review report and accompanying notes.

FIRST BAPTIST CHURCH, DENHAM SPRINGS, LOUISIANA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

Cash Flows From Operating Activities:

Change in Net Assets	\$ 1,538,907
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Net (Gains) Losses on Investments	(127,834)
Changes in Assets and Liabilities:	
(Increase) Decrease in Grants Receivable	232,303
Increase (Decrease) in Accrued Liabilities	(3,237)
Increase (Decrease) in Accounts Payable	(36,997)
	<hr/>
Cash Provided by Operating Activities	1,603,142

Cash Flows From Investing Activities:

Net Purchases of Investments	(138,998)
Purchases of Property and Equipment and Construction in Progress	(3,634,277)
	<hr/>
Net Cash Used in Investing Activities	(3,773,275)

Net Decrease in Cash and Cash Equivalents (2,170,133)

Cash and Cash Equivalents - Beginning of Year

3,891,555

Cash and Cash Equivalents - End of Year

\$ 1,721,422

See independent accountant's review report and accompanying notes.

FIRST BAPTIST CHURCH, DENHAM SPRINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

Note 1 - Summary of Significant Accounting Policies -

Nature of Organization

First Baptist Church, Denham Springs, Louisiana (“the Church”) was formed in October of 1928. The Church is a Southern Baptist Church and exists to reach people with the gospel and lead them to be devoted followers of Jesus Christ. The Church receives the majority of its support through contributions from its congregation in Denham Springs, Louisiana and through its school programs.

Income Taxes

The Church is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) as a religious organization, and therefore no provision is made for federal or state income taxes.

The Church regularly reviews and evaluates its tax position taken with regard to issues affecting its tax status, unrelated business income, and related matters. The Church believes that in the event of an examination by taxing authorities, its positions would prevail based upon technical merits of such positions. Therefore, the Church has concluded that no tax benefit or liabilities are required to be recognized as of December 31, 2021.

Compensated Absences

Employees of the Church earn vacation and sick pay in varying amounts according to years of service and subject to maximum limitations. Sick pay balances are not paid if an employee is terminated or leaves. Employees whose employment is terminated will receive vacation pay for any unused vacation accrued at time of termination or layoff. However, unused vacation may not be rolled over to the next year. Therefore, no balances have been recorded for unused vacation or sick pay in these financial statements.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Church is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Net assets with donor restrictions can be restricted for purpose, restricted for time, or restricted in perpetuity. These net assets classifications are described as follows:

Net Assets Without Donor Restrictions - not subject to donor-imposed restrictions. Net assets may be designated for specific purposes by action of the Church Council.

Net Assets With Donor Restrictions - subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resource be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

The significant revenues of the Church are contributions, grant income, kindergarten and mother's day out tuition and interest and investment income. Contributions are discussed below. Grant income is received from the Public Assistance Grant which is a cost reimbursable grant. Under this grant agreement, revenue is recognized in the year in which the project worksheet (PW) has been obligated by the Federal and/or State awarding agency and the necessary qualifying expenditures have been incurred. The Church recognizes revenue from kindergarten and mother's day out tuition and fees over the course of the year during the month in which the related services are provided to the children. The performance obligation of delivering childcare and educational services is recognized when the services are provided and payment is collected which typically occurs in the same month. Refunds and non-collection of tuition and fees have historically been insignificant. Interest and investment income is recognized monthly over the course of the year based on the market earnings of the investment.

Contributions

All contributions are considered available for use without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as donor restricted support, either for time or purpose or in perpetuity, that increases net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends, or purpose of restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Volunteer Services and Other Noncash Contributions

From time to time, the Church benefits from donated items and services of its members. However, during 2021, the Church did not receive any in kind contribution of assets, material and supplies, or services requiring recognition in these financial statements.

Members of the Church Council and other volunteers have made significant contributions of their time to assist in the Church's operations. The value of this contributed time is not recorded in these financial statements because it is not susceptible to objective measurement or valuation.

Accounts Receivable

Accounts receivable may consist of grants, contributions, and trade receivables. Management monitors the receivables and assesses the collectability of accounts on a monthly basis. Management has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to reflect bad debts. However, management believes that the effect of the use of direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the COVID-19 control responses, and such differences may be material.

Cash and Cash Equivalents and Floating Rate Demand Notes

For purposes of the Statement of Cash Flows, the Church considers all highly liquid investments without donor restrictions with an initial maturity of three months or less to be cash equivalents. The Church invests in interest bearing Floating Rate Demand Notes which can be redeemed at any time. As such, the Floating Rate Demand Notes are included in Cash and Cash Equivalents in these financial statements.

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the Statement of Activities. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities accounts will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Financial Position and Statement of Activities.

Property and Equipment

Expenditures for the acquisition of property and equipment are primarily capitalized at cost. The fair value of donated property and equipment is similarly capitalized. Management informed us that the records to support the historical cost of Property and Equipment obtained prior to August 2016 have either not been maintained or were destroyed in a significant flooding event. Furthermore, the Church has not recorded any accumulated depreciation and depreciation expense for its property and equipment in the accompanying financial statements. These items are not considered generally accepted modifications of generally accepted accounting principles as property and equipment should be recorded at historical cost and depreciated over the estimated useful lives.

A summary of fixed assets as of December 31, 2021, follows:

Buildings and Leasehold Improvements	\$ 10,655,250
Equipment, Furnishings and Vehicles	532,324
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	11,187,574
Land	2,321,800
	<hr/>
	\$ 13,509,374
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Functional Allocation of Expenses

The cost of providing the various programs and administrative activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated directly between program services and general and administrative based on actual expenses or time spent and certain costs have been allocated between program services and general and administrative based on management's estimate of time spent on these activities or usage by program or supporting service. Estimated allocations are determined by management on an equitable basis. The expenses that are allocated based on management's estimate of time spent on the activities or usage by program or supporting service include Administrative Personnel, Payroll Taxes, Bank Fees, Utilities, Computer, Equipment, Technology, Insurance, Repairs, Maintenance, Custodial, Security, Training and Conferences.

COVID-19 Pandemic

The COVID-19 outbreak in the United States and globally has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. Therefore, uncertainty remains regarding the ongoing impact of the COVID-19 outbreak upon the Church's financial condition and future results of operations, as well as upon the significant estimates and assumptions that may be utilized in reporting certain assets and liabilities.

Recent Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases (Topic 842)*, which will require leases to be recorded as an asset on the balance sheet for the right to use the leased asset and liability for the corresponding lease obligation for leases with terms of more than twelve months. In November 2019, the FASB issued ASU 2019-10 delaying the effective date for non-public companies to fiscal years beginning after December 15, 2020. In response to the COVID-19 pandemic, ASU 2020-05 was issued in June 2020 delaying the effective date for Topic 842 to fiscal years beginning after December 15, 2021. The Church is evaluating the impact the pronouncement may have on the financial statements.

Subsequent Events

See Note 9 regarding a contract commitment entered into during May 2022 for the construction of the Student Center.

The management of the Church evaluated subsequent events and transactions for possible recognition or disclosure in the financial statements through June 27, 2022, the date which the financial statements were available to be issued.

Note 2 - Liquidity and Availability -

The following reflects the Church's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of Church Council or contractual or donor-imposed restrictions within one year of the statement of financial position date. The designations could be drawn upon if the Church Council approves that action:

Financial Assets at Year End:

Cash and Cash Equivalents:

Cash Held at Financial Institutions	\$ 1,642,961
Floating Rate Demand Notes	<u>78,461</u>

1,721,422

Investments

1,645,057

3,366,479

Less those unavailable for general expenditures within one year, due to:

Contractual or donor-imposed restrictions:

Restricted by donor with time or purpose restrictions	(972,338)
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Finance Committee Designations:

Operations Assistance, Emergency Reserves, Capital Projects and School, Music, Missions and Discipleship Assistance	<u>(653,333)</u>
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Financial assets available to meet cash needs for general
expenditures within one year

\$ 1,740,808

The Church's goal is to maintain liquid financial assets to meet 180 days of operating expenses. The Church invests cash in excess of daily requirements in interest bearing floating rate demand notes and investment accounts held by financial service holding companies.

Note 3 - Concentrations -

The Church maintains cash accounts with commercial banks, which are insured by the Federal Deposit Insurance Corporation up to the maximum allowed. Periodically, cash may exceed the federally insured amount. In addition, cash is invested in floating rate demand notes that can be redeemed at any time. The notes are not insured by the Federal Deposit Insurance Corporation or any other insurance and additionally they are not secured by the issuing credit company. Management monitors the financial condition of the banks and credit company on a regular basis, along with their balances in cash to minimize this potential risk.

Contribution and School revenues are derived primarily from the congregation and residents within the geographic area of Denham Springs. Economic conditions that affect Denham Springs could also affect the income of the Church.

Grants Revenues are derived primarily from the Public Assistance Grant and represents 14% of support and revenue.

Note 4 - Investments -

At December 31, 2021, the fair values of the Church's investments were as follows:

Equities:

Common Stock	\$ 43,302
Mutual Funds	<u>1,601,755</u>
	<u>\$ 1,645,057</u>

Net unrealized gains of \$127,834 were recorded for the year ended December 31, 2021.

Note 5 - Fair Value Measurements -

The fair value measurement accounting literature provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels. Level 1 inputs to the valuation methodology are based on unadjusted quoted prices for identical assets in active markets that the Church has the ability to access. Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets and/or based on inputs that are derived principally from or corroborated by observable market data by correlation or other means. Level 3 inputs are unobservable and are based on assumptions market participants would utilize in pricing the asset.

The Church uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. When available, valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis at December 31, 2021:

Level 1 - Common Stock and Mutual Fund Equities- Valued at fair value based on quoted market price of the shares held by the Church at year end.

The Church's investments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Church believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Church's investments at fair value on a recurring basis as of December 31, 2021:

	Fair Value as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Equities:				
Common Stock	\$ 43,302	\$ -	\$ -	\$ 43,302
Mutual Funds	<u>1,601,755</u>	<u>-</u>	<u>-</u>	<u>1,601,755</u>
Total Investments	<u>\$ 1,645,057</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,645,057</u>

Note 6 - Net Assets with Donor Restrictions and Finance Committee Designations -

Net assets with donor-imposed restrictions for purpose are used to account for the receipt and disbursement of specific activities (projects) defined by the donor. Following are the funds and amounts classified as net assets with donor restrictions as of December 31, 2021:

Capital Projects	\$ 934,905
Various Ministry, Missions, and Other	<u>37,433</u>
	<u>\$ 972,338</u>

Net assets without donor-imposed restrictions represent resources over which the Church Council has discretionary control and are used to carry out operations of the Church. As of December 31, 2021, \$653,333 of funds as they become available, have been set aside for operations assistance, emergency reserves, capital projects, school, music, missions, and discipleship assistance.

Note 7 - Net Assets Released from Restrictions -

Net assets were released from restrictions for the year ended December 31, 2021 for incurring expenses satisfying the restricted purpose:

Capital Projects	\$ 26,919
Various Ministry, Missions, and Other	<u>56,555</u>
Total Restrictions Released	<u>\$ 83,474</u>

Note 8 - Related Party -

The Church is a member of the Louisiana Baptist Convention (“LBC”) and the Eastern Louisiana Baptist Association (“ELBA”) and cooperates with LBC and ELBA in their mission activities. The Church pays cooperative program dues to LBC and ELBA annually based on a percentage of budgeted income. During the year ended December 31, 2021, cooperative program dues of \$100,859 and \$16,960, respectively, were paid by the Church to LBC and ELBA. These amounts are included as Missions expense in the Statement of Functional Expenses in these financial statements.

Note 9 - Commitments and Contingencies -

The Church receives financial assistance from federal and state agencies which is subject to compliance audits and monitoring reviews by the granting agencies. As a result, amounts might be subject to disallowance upon acceptance of the audits and monitoring reviews by the federal granting agencies.

Litigation

The Church is subject to claims arising in the daily course of its business. While the resolution of such issues is not presently determinable with certainty, the Church is insured for such claims. Management believes that the ultimate resolution of any such matters will not have a significant effect on the Church’s financial position or results of operations.

Contract Commitments

The Church entered into an architect and construction contract agreement for an addition to the existing Children's Building. The architect agreement totals \$302,831 and the construction contract agreement, including change orders, totals \$3,676,516. As of December 31, 2021, the Church incurred \$301,118 of architect costs and \$3,676,516 of construction costs related to these agreements. These amounts are included in Construction in Progress on the Statement of Financial Position. Accounts Payable associated with these contracts totaled \$179,000 as of December 31, 2021 and are recorded in Accounts Payable on the Statement of Financial Position.

During May 2022, the Church entered into a design-build construction contract agreement for the construction of a Student Center. The construction contract agreement totals \$1,055,180 of which no costs have been incurred as of December 31, 2021.

Note 10 - Compensation, Benefits, and Other Payments to the Senior Pastor -

Agency Head Name: Dr. Leo Miller

<u>Purpose</u>	<u>Amount</u>
Compensation, Reimbursements, and Benefits	\$ -

R.S. 24:513 (A) (3) requires reporting of the total compensation, reimbursements, and benefits paid to the agency head or chief executive officer. This law was further amended by Act 642 of the 2015 Regular Session which clarified that nongovernmental or not for profit local auditees are required to report only the compensation, reimbursements, and benefits paid to the agency head or chief executive officer paid from public funds.

This Organization is not required to report the total compensation, reimbursements, and benefits paid to the Senior Pastor as these costs are supported by private funds.

OTHER INFORMATION

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Independent Accountant's Report on
Applying Agreed-Upon Procedures

To the Church Council
First Baptist Church, Denham Springs, Louisiana
Baton Rouge, Louisiana

We have performed the procedures enumerated below on the Church's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended December 31, 2021, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The Church's management is responsible for its financial records and compliance with applicable laws and regulations.

The Church has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the Church's compliance with the laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the year ended December 31, 2021. Additionally, the Louisiana Legislative Auditor has agreed to and acknowledged that the procedures performed are appropriate for its purposes. The report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Federal, State, and Local Awards

1. Obtain the list of federal, state, and local government grant award expenditures for the fiscal year, by grant and grant year, from the Church's management.

The Church provided us with the following list of expenditures made for federal grant awards received (accrual basis) during the fiscal year ended December 31, 2021:

Federal, State, or Local Grant Name	Grant Year	AL No. (if applicable)	Amount
United States Department of Homeland Security, Passed through Louisiana Governor’s Office of Homeland Security and Emergency Preparedness: Public Assistance Program	2021	N/A	\$463,778
Office of Community Development – Disaster Recovery Unit – FEMA Response Category B – Emergency Protective Measures, CDBG Program	2017 and prior	N/A	15,540
Total Expenditures			\$479,318

2. For each federal, state, and local grant award, randomly select six disbursements from each grant administered during the fiscal year, provided that no more than 30 disbursements are selected.
3. Obtain documentation for the disbursements selected in Procedure 2. Compare the selected disbursements to supporting documentation, and report whether the disbursements agree to the amount and payee in the supporting documentation.

Each of the selected disbursements agreed to the amount and payee in the supporting documentation.

4. Report whether the selected disbursements were coded to the correct fund and general ledger account.

All of the disbursements were coded to the correct fund and general ledger account – Construction in Progress Assets. The reimbursement of the disbursement by the Grant was coded in a restricted net asset account and management approved and accepted a proposed adjustment to record as Grant Income for the year ended December 31, 2021.

5. Report whether the selected disbursements were approved in accordance with the Church’s policies and procedures.

The Church’s policies and procedures state that two members of the finance committee must approve all disbursements and checks must be signed by two members of the finance committee. Documentation supporting each of the selected disbursements included the finance committee members’ signature. We also noted the finance committee members signatures on the cleared check image.

6. For each selected disbursement made for federal grant awards, obtain the *Compliance Supplement* for the applicable federal program. For each disbursement made for a state or local grant award, or for a federal program not included in the *Compliance Supplement*, obtain the grant agreement. Compare the documentation for each disbursement to the program compliance requirements or the requirements of the grant agreement relating to activities allowed or unallowed, eligibility, and reporting; and report whether the disbursements comply with these requirements.

For each of the disbursements selected at Procedure 2 above, we compared the supporting documentation to the direct and material areas of the compliance supplement and to the grant agreement. Each of the disbursements appeared to be in compliance with the various applicable compliance requirements of both the Compliance Supplement and the grant agreement.

7. Obtain the close-out reports, if required, for any program selected in Procedure 2 that was closed out during the fiscal year. Compare the close-out reports, if applicable, with the Agency's financial records; and report whether the amounts in the close-out reports agree with the Agency's financial records.

The selected disbursements included a federal grant award that has not yet been formally closed out, however the close-out reports have been prepared and submitted awaiting federal level final approval in order to be closed out. We compared the close-out reports for this federal grant award with the Church's financial records. The amounts reported on the close-out reports agreed with the Church's financial records.

Open Meetings

8. Obtain evidence from management that agendas for meetings recorded in the minute book were posted as required by Louisiana Revised Statute 42:11 through 42:28 (the open meetings law), and report whether there are any exceptions. Note: Please refer to Attorney General Opinion No. 13-0043 and the guidance in the publication "Open Meetings Law" available on the Legislative Auditor's website at [https://app.la.state.la.us/llala.nsf/BAADB2991272084786257AB8006EE827/\\$FILE/Open%20Meetings%20Law%20FAQ.pdf](https://app.la.state.la.us/llala.nsf/BAADB2991272084786257AB8006EE827/$FILE/Open%20Meetings%20Law%20FAQ.pdf), to determine whether a non-profit agency is subject to the open meetings law.

The Church is not subject to the open meetings law.

Budget

9. For each grant exceeding five thousand dollars, obtain the comprehensive grant budgets that the Church provided to the applicable federal, state or local grantor agency. Report whether the budgets for federal, state and local grants included the purpose and duration of the grants; and whether budgets for state grants also included specific goals, objectives, and measures of performance.

The Church provided documentation that comprehensive budgets were submitted to the applicable federal and local grantor agency for the grants exceeding five thousand dollars. These budgets included the purpose and duration of the grant program.

State Audit Law

10. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

The Church's prior year (2020) report was submitted to the Legislative Auditor before the approved extended due date of December 31, 2021. The Church's current year (2021) report will be submitted to the Legislative Auditor on or before the statutory due date of June 30, 2022.

11. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

The Church, as a private, non-profit religious organization, is generally not subject to the public bid law. For the Children's Building portion of the Public Assistance program utilized above, the church was subject to procurement and bid policy compliance measures at the grant agreement level which they have represented to us were followed in compliance with the grant requirements.

Prior-Year Comments

12. Obtain and report management's representation as to whether any prior year suggestions, exceptions, recommendations, and/or comments have been resolved.

No prior year findings regarding compliance or administering of federal or local funding were reported. A separate management letter was issued with best practice recommendations. Management has represented to us that they have implemented or are taking steps to implement these recommendations.

We were engaged by the Church to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Church's compliance with the foregoing matters. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Church and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on the Church's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
June 27, 2022

FIRST BAPTIST CHURCH, DENHAM SPRINGS, LOUISIANA

SUMMARY SCHEDULE OF FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2021

None.

FIRST BAPTIST CHURCH, DENHAM SPRINGS, LOUISIANA

SUMMARY SCHEDULE OF PRIOR FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2020

None.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Agencies)

June 21, 2022 (Date Transmitted)

Hannis T Bourgeois, LLP (CPA Firm Name)
2322 Tremont Drive (CPA Firm Address)
Baton Rouge, LA 70809 (City, State Zip)

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of December 31, 2022 (date) and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Federal, State, and Local Awards

We have detailed for you the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

Yes No [] N/A []

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and local grantor officials.

Yes No [] N/A []

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes No [] N/A []

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes No [] N/A []

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law). **Note: Please refer to Attorney General Opinion No. 13-0043 and the guidance in the publication "Open Meeting FAQs," available on the Legislative Auditor's website to determine whether a non-profit agency is subject to the open meetings law.**

Yes [] No [] N/A

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes No [] N/A []

Reporting

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes No [] N/A []

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes No [] N/A []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [] No [] N/A

We have complied with R.S. 24:515.2 regarding reporting of pre- and post- adjudication court costs, fines and fees assessed or imposed; the amounts collected; the amounts outstanding; the amounts retained; the amounts disbursed, and the amounts received from disbursements.

Yes [] No [] N/A

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes No [] N/A []

General

We acknowledge that we are responsible for the Agency's compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes No [] N/A []

We acknowledge that we are responsible for determining that the procedures performed are appropriate for the purposes of this engagement.

Yes No [] N/A []

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes No [] N/A []

We have provided you with all relevant information and access under the terms of our agreement.

Yes No [] N/A []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes No [] N/A []

We are not aware of any material misstatements in the information we have provided to you.

Yes No [] N/A []

We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others concerning noncompliance with the foregoing laws and regulations, including communications received during the period under examination; and will disclose to you any such communication received between the end of the period under examination and the date of your report.

Yes [] No [] N/A

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies all known noncompliance and other events subsequent to the date of this representation and the date of your report that could have a material effect on our compliance with laws and regulations and the internal

controls with such laws and regulations, or would require adjustment or modification to the results of the agreed-upon procedures.

Yes [] No [] N/A []

The previous responses have been made to the best of our belief and knowledge.

<u>[Signature]</u>	Secretary	<u>6/31/2022</u>	Date
<u>[Signature]</u>	Treasurer	<u>6/22/2022</u>	Date
<u>[Signature]</u>	President	<u>6/22/2022</u>	Date