

FAMILIES HELPING FAMILIES
OF SOUTHEAST LOUISIANA, INC.
NEW ORLEANS, LOUISIANA
FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2019 AND 2018
AND SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED
JUNE 30, 2019



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Families Helping Families of Southeast Louisiana, Inc. (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2019, 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, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Families Helping Families of Southeast Louisiana, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Families Helping Families of Southeast Louisiana, Inc. as of June 30, 2018 were audited by other auditors whose report dated November 30, 2018 expressed an unmodified opinion on those statements.

Change in Accounting Principle

As described in Note 1 to the financial statements, Families Helping Families of Southeast Louisiana, Inc. adopted the Financial Accounting Standards Board's ASU 2016-14, "Not-for-Profit Entities" for the year ended June 30, 2019. Our opinion is not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head 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.



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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2020 on our consideration of Families Helping Families of Southeast Louisiana, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Southeast Louisiana, Inc.'s internal control over financial reporting and compliance.

February 20, 2020
Mandeville Louisiana

A handwritten signature in black ink that reads "Ericksen Krentel, LLP".

Certified Public Accountants

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS:</u>		
Cash and cash equivalents	\$ 13,724	\$ 57,602
Grants receivable	22,224	20,879
Prepaid expenses and other current assets	<u>4,859</u>	<u>4,851</u>
Total current assets	<u>40,807</u>	<u>83,332</u>
<u>PROPERTY AND EQUIPMENT, NET</u>	<u>2,412</u>	<u>2,315</u>
Total assets	<u>\$ 43,219</u>	<u>\$ 85,647</u>
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES:</u>		
Accounts payable and accrued expenses	\$ 10,083	\$ 6,442
Deferred revenue	-	50,000
Accrued payroll liabilities	<u>18,480</u>	<u>10,312</u>
Total current liabilities	<u>28,563</u>	<u>66,754</u>
<u>LONG-TERM LIABILITIES:</u>		
Line of credit	<u>34,839</u>	<u>5,000</u>
Total long-term liabilities	<u>34,839</u>	<u>5,000</u>
Total liabilities	63,402	71,754
<u>NET ASSETS (DEFICIT):</u>		
Net assets (deficit) without donor restriction	(20,183)	13,893
Net assets with donor restrictions	<u>-</u>	<u>-</u>
Total net assets (deficit)	<u>(20,183)</u>	<u>13,893</u>
Total liabilities and net assets (deficit)	<u>\$ 43,219</u>	<u>\$ 85,647</u>

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2019

	<u>2019</u>	<u>2018</u>
<u>REVENUE, GAINS, AND</u>		
<u>OTHER SUPPORT:</u>		
Grants and contracts	\$ 342,949	\$ 270,106
Contributions and donations	43,487	63,201
Other income	<u>13,558</u>	<u>5,153</u>
 Total revenue	 399,994	 338,460
 <u>EXPENSES:</u>		
Program services:		
Information and education	335,326	291,746
Supporting services:		
Management and general	79,661	58,508
Fundraising	<u>19,082</u>	<u>11,020</u>
 Total expenses	 <u>434,069</u>	 <u>361,274</u>
 <u>CHANGE IN NET ASSETS</u>	 (34,075)	 (22,814)
 Net assets (deficit) without donor restrictions - beginning of year	 <u>13,892</u>	 <u>36,706</u>
 Net assets (deficit) without donor restrictions - end of year	 <u>\$ (20,183)</u>	 <u>\$ 13,892</u>

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:</u>		
Change in net assets	\$ (34,075)	\$ (22,814)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	1,713	2,053
Changes in operating assets and liabilities:		
Grants receivable	(1,352)	5,922
Prepaid expenses and other current assets	(8)	(3,619)
Accounts payable and accrued expenses	3,641	1,794
Deferred revenue	(55,000)	(21,000)
Accrued payroll liabilities	<u>8,174</u>	<u>1,628</u>
Net cash (used for) operating activities	<u>(76,907)</u>	<u>(36,036)</u>
<u>CASH FLOWS (USED FOR) INVESTING ACTIVITIES:</u>		
Purchases of property and equipment	<u>(1,810)</u>	<u>-</u>
Net cash (used for) investing activities	<u>(1,810)</u>	<u>-</u>
<u>CASH FLOWS (USED FOR) FINANCING ACTIVITIES:</u>		
Net advances on line of credit	<u>34,839</u>	<u>5,000</u>
Net cash from financing activities	<u>34,839</u>	<u>5,000</u>
Net (decrease) in cash and cash equivalents	(43,878)	(31,036)
Cash and cash equivalents, beginning of year	<u>57,602</u>	<u>88,638</u>
Cash and cash equivalents, end of year	<u>\$ 13,724</u>	<u>\$ 57,602</u>

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Information and Education</u>		<u>Management and General</u>	<u>Fundraising</u>	
Expenses:					
Personnel costs	\$ 257,087	\$ 19,351	\$ -	\$ 276,438	
Contract services	32,248	16,429	12,169	60,846	
Program supplies	55	-	-	55	
Travel and lodging	(101)	(36)	(26)	(163)	
Printing	17,048	2,613	1,929	21,590	
Insurance	2,731	1,470	-	4,201	
Office supplies	8,081	2,533	1,447	12,061	
Postage	146	18	-	164	
Telephone	9,229	695	-	9,924	
Rent	976	1,735	-	2,711	
Depreciation	1,593	120	-	1,713	
Other expense	6,233	34,733	3,563	44,529	
	<u>6,233</u>	<u>34,733</u>	<u>3,563</u>	<u>44,529</u>	
Total functional expenses	<u>\$ 335,326</u>	<u>\$ 79,661</u>	<u>\$ 19,082</u>	<u>\$ 434,069</u>	

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Information and Education</u>		<u>Management and General</u>	<u>Fundraising</u>	
Expenses:					
Personnel costs	\$ 233,021	\$ 16,947	\$ -	\$ 249,968	
Contract services	23,443	12,025	8,900	44,368	
Program supplies	981	-	-	981	
Travel and lodging	1,879	657	500	3,036	
Printing	1,794	260	203	2,257	
Insurance	3,072	1,622	-	4,694	
Office supplies	6,365	1,992	1,098	9,455	
Postage	195	25	-	220	
Telephone	6,886	501	-	7,387	
Rent	11,613	21,037	-	32,650	
Depreciation	1,914	139	-	2,053	
Other expense	583	3,303	319	4,205	
	<u>291,746</u>	<u>58,508</u>	<u>11,020</u>	<u>361,274</u>	
Total functional expenses	<u>\$ 291,746</u>	<u>\$ 58,508</u>	<u>\$ 11,020</u>	<u>\$ 361,274</u>	

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Use of Estimates

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

Cash and Cash Equivalents

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

Donated Assets and Services

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

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants Receivable

Grants receivable consists of amounts owed from various Federal, State, and Local government agencies for grants and fee for service programs. These amounts are presented at fair value and management estimates that all are collectible.

Property and Equipment

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

Income Taxes

The Organization is a not-for-profit corporation that is exempt from both federal and Louisiana income taxes under Section 501(c)(3) of the Internal Revenue Code and R.S. 12:201 of Louisiana statutes. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization adopted the accounting guidance related to accounting for uncertain in income taxes, which sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions. The Organization has evaluated its tax positions regarding the accounting for uncertain income tax positions and does not believe that it has any material uncertain tax positions.

Deferred Revenue

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

Functional Expense Allocation

Functional expenses are allocated among the various program services, general and administrative, and fundraising categories based on actual use or management's best estimate.

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted and Unrestricted Revenue

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

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

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, “*Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities.*” The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Subsequent Events

Subsequent events have been evaluated through February 20, 2020, which is the date the financial statements were available to be issued.

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets as of June 30, 2019 and 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Amounts not available include restricted investments. However, amounts already appropriated from the restricted deposits and funded reserves for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018

(2) **LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)**

	<u>2019</u>	<u>2018</u>
Financial assets at year end	\$ 30,412	\$ 83,332
Less those unavailable for general expenditure within one year due to:		
Restricted Investments	-	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 30,412</u>	<u>\$ 83,332</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Although the Organization does not intend to spend from its restricted contributions other than amounts appropriated for general expenditure as part of its annual budget approval process, amounts from its contributions could be made available if necessary.

(3) **CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS**

The Organization maintains its cash balances in local financial institutions that may at times exceed amounts covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization's cash balances were not in excess of the FDIC insurance as of June 30, 2019 or 2018. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018

(4) GRANTS RECEIVABLE

The Organization has the following amounts receivable from grants at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Metropolitan Health Services District	\$ 17,274	\$ 11,033
Adam Hawf	1,500	-
F2FHIC	2,100	-
FHF of Greater Baton Rouge	500	-
Louisiana Developmental Disabilities Council	-	4,696
Early Steps Community Outreach Specialist	-	4,100
Gambel Communication	500	-
Lacan	350	-
Other	-	1,050
	<u>\$ 22,224</u>	<u>\$ 20,879</u>

As of June 30, 2019 and 2018 amounts owed from the Metropolitan Health Services District, the Louisiana Department of Education and the Louisiana Developmental Disabilities Council represented 78% and 75% of receivables, respectively. This amount represents a significant concentration of credit risk. The Organization has not experienced any losses in prior contract history and believes it is not exposed to any significant risk to the receivables.

(5) PROGRAM GRANTS

The Organization was established to provide informational support and educational services to area families who have family members with special needs. A substantial portion of the Organization's support and revenue is derived from grants for the programs conducted. The various grants are approved on a year-to-year basis. Any unexpended grant funds or unauthorized expenditures must be refunded. The Organization received approximately 85% and 80% of its revenue from these grant programs for the years ended June 30, 2019 and 2018, respectively.

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018

(5) PROGRAM GRANTS (Continued)

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

(6) THIRD-PARTY REVENUES

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

(7) PROPERTY AND EQUIPMENT

As of June 30, 2019 and 2018, property and equipment consisted of the following:

	<u>2019</u>	<u>2018</u>
Furniture and Fixtures	\$ 15,265	\$ 13,286
Computers	21,016	21,016
Less: accumulated depreciation	<u>(33,869)</u>	<u>(31,987)</u>
Property and equipment, net	<u>\$ 2,412</u>	<u>\$ 2,315</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$1,713 and \$2,053, respectively.

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018

(8) OFFICE LEASE AND RELATED PARTY TRANSACTION

The Organization leased its administrative and program office space under an agreement which began September 1, 2013, and was renewed on January 24, 2014 through August 31, 2015. After August 31, 2015, the lease became month to month. The lessor was on the board of the Organization. During the year ended June 30, 2018, the lessor provided the Organization with rent concessions in certain months. The fair market value of the office lease was \$30,688 and \$15,600 more than the Organization paid due to the rent concessions for the years ended June 30, 2018. For the years ended June 30, 2018 rent expense and public support were increased by \$15,088, to recognize the fair market value of the office lease. On July 1, 2018 the Organization entered into a lease agreement through June 30, 2021 with the Orleans Parish School Board. The agreement stipulated that the building would be given in exchange for services provided by the Organization. The FMV of the rent price as of June 30, 2019 was \$30,688 which equaled the FMV of the services provided by the Organization.

(9) DEFERRED REVENUE

In June 2018, the Organization received \$50,000 for a grant to provide support, behavior interventions, suspensions and related services during the fiscal year ended June 30, 2019. As of June 30, 2018 \$50,000 was recorded as deferred revenue and was recognized as revenue when the services were provided per the terms of the grant during the fiscal years ended June 30, 2019.

(10) LINE OF CREDIT

During the year ended June 30, 2018, the Organization opened a line of credit agreement with a bank of \$75,000. The balance on the line of credit was \$34,839 at June 30, 2019 and \$5,000 at June 30, 2018. The line bears interest at the bank's prime lending rate plus 2.75%, 8.25% as of June 30, 2019. The line is due on March 2, 2023.

Interest costs incurred on the line of credit and charged to expense as of December 31, 2019 and 2018 totaled \$2,874 and \$0, respectively.

(11) SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 20, 2020, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018

(12) NEW ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2016-02, “*Leases*.” This Update seeks to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and by disclosing key information about leasing arrangements. The amendments in this Update are effective for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020. The Organization plans to adopt this Update as applicable by the effective date.

The FASB has issued Update No. 2018-08, “*Not-for-Profit Entities (NFPs)*.” This Update to clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in this Update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2018, and for interim periods within fiscal years beginning after December 15, 2019. The Organization plans to adopt this Update as applicable by the effective date.

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.
SCHEDULE OF COMPENSATION, BENEFITS , AND OTHER PAYMENTS TO
AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2019

	Executive Director Aisha Johnson
Time served	7/1/2018 through 6/30/2019
Salary	\$ 33,464
Benefits-Fica & Medicare	2,915
Travel	448
Total	\$ 36,827



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

To the Board of Directors of
Families Helping Families of Southeast Louisiana, Inc.
New Orleans, 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 consolidated financial statements of Families Helping Families of Southeast Louisiana, Inc., which comprise the statement of financial position as of June 30, 2019, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 20, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Families Helping Families of Southeast Louisiana, Inc.'s internal control over financial reporting (internal control) 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 Southeast Louisiana, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Families Helping Families of Southeast Louisiana, Inc.'s internal control.

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

Our consideration of 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 have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2019-001 that we consider to be a significant deficiency.



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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 2019-002.

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

The Organization's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Families Helping Families of Southeast Louisiana, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

February 20, 2020
Mandeville, Louisiana

Certified Public Accountants

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019

SECTION I SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Families Helping Families of Southeast Louisiana, Inc.
2. One significant deficiency was reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
3. One instance of noncompliance material to the financial statements of Families Helping Families of Southeast Louisiana, Inc., was required to be reported in accordance with *Government Auditing Standards*.
4. A management letter was not issued for the year ended June 30, 2019.

SECTION II FINANCIAL STATEMENT FINDINGS

2019-001: Significant Deficiency-Accounts not reconciled accurately or reviewed properly

Criteria: All significant general ledger accounts should be accurately reconciled by the bookkeeper periodically, and those balance sheet reconciliations should be reviewed and approved by the Executive Director or a board member to ensure their accuracy. All income statement accounts should also be reviewed by the Executive Director.

Condition: Families Helping Families of Southeast Louisiana, Inc. has a process and procedures in place for preparation and review of account reconciliations, including bank reconciliations, but that process and those procedures are not always being followed or operating effectively.

Cause: Account reconciliations and general ledger entries, are not always accurately prepared or reviewed.

Effect: Errors in several account balances, including cash, prepaid expenses, and revenues, were not detected either during preparation of the monthly reconciliations or during review of those reconciliations and general ledger entries and adjustments to the financial statements had to be made during the audit as a result.

Recommendation: All balance sheet accounts should be reconciled monthly by the bookkeeper. Reconciliations and significant general ledger entries should be reviewed by the Executive Director or a board member. The reconciliations should be initialed by the preparer and the reviewer.

Corrective Action Plan: Management intends to obtain additional training for the bookkeeper and Executive Director so they can know where to look for errors when preparing and reviewing account reconciliations and general ledger entries.

2019-002: Instance of Noncompliance-Report not filed in accordance with *Government Auditing Standards*

Criteria: Not-for-Profit entities that receive state funding are required to submit their audited financial statements to the Louisiana Legislative Auditor within six months of their year-end, in accordance with Louisiana Revised Statutes 24:513 and 24:514.

Condition: Families Helping Families of Southeast Louisiana, Inc. did not issue their financials by December 31, 2019.

Cause: Families Helping Families of Southeast Louisiana, Inc. did not engage its auditors to work on their audit until December 02, 2019. The timing and amount of work needed to complete the audit, caused the Organization to miss the deadline to issue.

Effect: The Organization is not in compliance with Louisiana Revised Statutes 24:513 and 24:514.

Recommendation: Families Helping Families of Southeast Louisiana, Inc. should engage the auditor to begin working on the audit months in advance of the December 31 deadline in order to give the auditor sufficient enough time to complete the reporting package.

Corrective Action Plan: Management intends on engaging the auditor to begin the next audit months before December 31, 2020.