

FAMILIES HELPING FAMILIES AT THE CROSSROADS OF LOUISIANA, INC.

Pineville, Louisiana

Financial Statements

June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Families Helping Families at the Crossroads
of Louisiana, Inc.
Pineville, Louisiana

I have audited the accompanying financial statements of Families Helping Families at the Crossroads of Louisiana, Inc. (a nonprofit organization, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility

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 misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

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 and opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

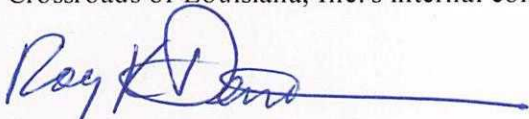
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Families Helping Families at the Crossroads of Louisiana, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

My 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 or Chief Executive Officer on page 12 is presented for purpose 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 related 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 my opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated January 15, 2019 on my consideration of Families Helping Families at the Crossroads of Louisiana, Inc.'s internal control over financial reporting and my tests of its compliance with certain laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my 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 intergral part of an audit performed in accordance with Government Auditing Standards in considering Families Helping Families at the Crossroads of Louisiana, Inc.'s internal control over financial reporting and compliance.



Roy K. Derbonne
Certified Public Accountants

Alexandria, Louisiana
January 15, 2019

FAMILIES HELPING FAMILIES AT THE CROSSROADS OF LOUISIANA, INC.

PINEVILLE, LOUISIANA

STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2018

ASSETS	
CURRENT ASSETS	
Cash on Hand and in Banks	\$ 2,263
Investment in Certificate of Deposit	1,904
Contract Amounts Receivable	<u>167,388</u>
Total Current Assets	171,555
CAPITAL ASSETS	
Land	35,900
Building and Improvements, Equipment, Furniture and Fixtures, net of depreciation	<u>190,518</u>
Net Capital Assets	<u>226,418</u>
TOTAL ASSETS	<u><u>\$ 397,973</u></u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts Payable	\$ 39,717
Accrued Salaries	52,250
Accrued Payroll Taxes Payable	15,744
Line of Credit - Red River Bank	18,533
Note Payable - Red River Bank - due in less than one year	<u>16,127</u>
Total Current Liabilities	142,371
LONG-TERM LIABILITES	
Note Payable - Red River Bank - due in more than one year	<u>46,609</u>
Total Liabilities	188,980
NET ASSETS	<u>208,993</u>
Unrestricted	
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 397,973</u></u>

See Independent Auditor's report and Notes to the Financial Statements.

FAMILIES HELPING FAMILIES AT THE CROSSROADS OF LOUISIANA, INC.

PINEVILLE, LOUISIANA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>
REVENUES	
Fees for Contractual Services	\$ 1,211,469
Administration Fees	157,978
Rent and Auto Fees	42,905
Investment Income	16
Fund Raising	24,144
Gain on Sale of Asset	11,234
Total Revenue	<u>1,447,746</u>
EXPENSES	
Program Services	1,200,514
Management and Support	265,060
Fund Raising	23,941
Total Expenses	<u>1,489,515</u>
CHANGES IN NET ASSETS	(41,769)
NET ASSETS, BEGINNING OF THE YEAR	<u>250,762</u>
NET ASSETS, END OF THE YEAR	<u><u>\$ 208,993</u></u>

See Independent Auditor's Report and Notes to the Financial Statements.

FAMILIES HELPING FAMILIES AT THE CROSSROADS OF LOUISIANA, INC.

PINEVILLE, LOUISIANA

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

FUNCTIONAL EXPENSES	Program Services	Management and Support	Fund Raising	Total
Salaries	\$ 665,051	\$ 89,272	\$ 4,657	\$ 758,980
Employee Benefits	26,742	2,001	-	28,743
Payroll Taxes	67,356	10,829	508	78,693
Janitorial	-	288	-	288
Office Supplies	35,023	19,367	-	54,390
Telephone	11,141	1,960	-	13,101
Rent	35,796	-	9,496	45,292
Utilities	-	6,020	-	6,020
Supplies	-	18	-	18
Printing	8,134	2,370	-	10,504
Contract Labor	30,221	8,452	-	38,673
Dues	-	1,535	-	1,535
Insurance	11,449	40,756	-	52,205
Postage	5,372	1,449	-	6,821
Website Maintenance	1,065	750	-	1,815
Travel and Meetings	108,615	21,513	-	130,128
Repairs and Maintenance	540	5,958	-	6,498
Security	388	528	-	916
Legal and Accounting	5,600	10,925	-	16,525
Training	3,796	11,042	-	14,838
Bank Charges	-	569	-	569
Interest	-	7,401	-	7,401
Crisis Management	26,247	-	-	26,247
Depreciation	-	18,774	-	18,774
Indirect Expense	157,978	-	-	157,978
Bingo Pay-Outs	-	-	9,280	9,280
Miscellaneous	-	3,283	-	3,283
Total Expenses	<u>\$ 1,200,514</u>	<u>265,060</u>	<u>\$ 23,941</u>	<u>1,489,515</u>

See Independent Auditor's Report and Notes to the Financial Statements.

FAMILIES HELPING FAMILIES AT THE CROSSROADS OF LOUISIANA, INC.

PINEVILLE, LOUISIANA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (41,769)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operations	
Depreciation	18,774
Changes in:	
Contracts Receivable	(18,186)
Investments	(16)
Accounts Payable	4,212
Payroll Taxes	1,128
Accrued Salaries Payable	52,250
Total Adjustments	<u>58,162</u>
Net Cash Provided by Operating Activities	16,393

CASH FLOWS FROM INVESTING ACTIVITIES

Capital Asset Retired	<u>4,867</u>
Net Cash Flows from Investing Activities	4,867

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from Loans	645,493
Loan Repayments	<u>(668,253)</u>
Net Cash Flows from Financing Activities	<u>(22,760)</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (1,500)

CASH AND CASH EQUIVALENTS, AT THE BEGINNING OF THE YEAR 3,763

CASH AND CASH EQUIVALENTS, AT THE END OF THE YEAR \$ 2,263

See Independent Auditor's Report and Notes to the Financial Statements.

FAMILIES HELPING FAMILIES AT THE CROSSROADS OF LOUISIANA, INC.

Pineville, Louisiana

Notes to Financial Statement
June 30, 2018

A. Nature of Activities

Families Helping Families at the Crossroads of Louisiana, Inc. (Region 6) is a private, non-profit corporation governed by a board of directors and is organized on the laws of the State of Louisiana. The Organization's purpose is to inform the public concerning the handicapped and to provide information, referral, education and to respond to the needs and capacities of handicapped people and their families. The support for the Organization primarily comes from state funds through contracts for services provided.

B. Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. As of June 30, 2018, the Organization had no temporarily restricted net assets.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. As of June 30, 2018, the Organization had no permanently restricted assets.

C. 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. Accordingly, actual results could differ from those estimates. Significant estimates have been applied in the determination of depreciation in preparation of the accompanying financial statements.

D. Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with an initial maturity of three months or less.

FAMILIES HELPING FAMILIES AT THE CROSSROADS OF LOUISIANA, INC.

Pineville, Louisiana

Notes to Financial Statement
June 30, 2018

E. Revenue Recognition and Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. All 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 restricted net assets are reclassified to unrestricted net assets. Conditional promises to give are recognized as revenue when the necessary conditions are fulfilled.

F. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one activity are charged to the programs and supporting services based on the estimated amount of time that employees devote to various activities. Additional overhead is allocated to various activities based on the program's direct cost.

G. Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, the Organization participates in gaming and is required to pay income tax on this unrelated business income. When tax is due, there is provision made for the taxes due in the financial statements. Furthermore, the Organization is not classified as a "Private Foundation" by the internal revenue service.

H. Property and Equipment

It is the policy of the Organization to capitalize all fixed assets with a unit cost of \$500 or more. Property and equipment are stated at cost and donated assets are recorded at their estimated fair market value at the date of donation. Additions, renewals and betterments that extend the useful life of the asset are capitalized. Depreciation is calculated using the straight-line method over useful lives of the assets ranging from 5 years to 40 years.

I. Contracts Receivable

Contracts receivable represents amounts owed to the Organization for the costs incurred under fee for service contracts at the end of the fiscal year. Management considers all amounts receivable to be collectible, therefore, there is no provision for uncollectible amounts established.

Note 1. Cash and Cash Equivalents

Families Helping Families at the Crossroads of Louisiana, Inc., at June 30, 2018, had cash and investments on deposit with a local financial institution. The cash and investment bank balances were \$10,138 and the book balances were \$3,687. All the funds were insured by Federal Deposit Insurance Corporation.

FAMILIES HELPING FAMILIES AT THE CROSSROADS OF LOUISIANA, INC.

Pineville, Louisiana

Notes to Financial Statement

June 30, 2018

Note 2. Capital Assets and Depreciation

A summary of Capital Assets for the year ended June 30, 2018 is as follows:

	<u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2018</u>
Nondepreciable Assets				
Land	\$ 35,900	\$ -	\$ -	\$ 35,900
Depreciable Assets				
Buildings & Improvements	244,708	-	-	244,708
Parking Lot	12,500	-	-	12,500
Furniture & Fixtures	2,411	-	-	2,411
Equipment	14,606	-	-	14,606
Trailers	16,372	-	-	16,372
Vehicles	108,052	-	(23,725)	84,327
Total Depreciable Assets	398,649	-	(23,725)	374,924
Accumulated Depreciation	(184,491)	(18,774)	18,859	(184,406)
Net Depreciable Assets	214,158	(18,774)	(4,866)	190,518
Total Capital Assets	<u>\$ 250,058</u>	<u>\$ (18,774)</u>	<u>\$ (4,866)</u>	<u>\$ 226,418</u>

Depreciation expense for the year ended June 30, 2018 was \$18,774.

Note 3. Notes Payable

Notes Payable as of June 30, 2018 consist of the following:

Line of credit with Red River Bank for \$150,000; dated March 15, 2018; payable annually; with a variable interest rate of 7% prime daily.	\$ 18,533
Note payable to Red River Bank for purchase of a building and land in Pineville, Louisiana; dated January 20, 2006; collateralized by the same building and land; payable in monthly installments of \$563 a month; with an interest rate of 4.75% and is due to be retired in the year 2025.	38,122
Note payable to Red River Bank for additional working capital, dated June 21, 2017; collateralized by a building and land in Pineville, La.; payable in monthly installments of \$1,000 a month; with an interest rate of 4.75% and is due to be retired in the year 2021.	24,613
Total	<u>81,268</u>
Less current portion	<u>(34,659)</u>
Total Long-Term Liabilities	<u>\$ 46,609</u>

FAMILIES HELPING FAMILIES AT THE CROSSROADS OF LOUISIANA, INC.

Pineville, Louisiana

Notes to Financial Statement

June 30, 2018

Note 3. Notes Payable (Continued from the Previous Page)

The annual requirements to retire the debt as of June 30, 2018 is as follows:

Note Dated January 20, 2006			
Year Ending June 30	Interest	Principal	Total
2019	\$ 1,702	\$ 5,057	\$ 6,759
2020	1,456	5,303	6,759
2021	1,199	5,560	6,759
2022	929	5,830	6,759
2023	646	6,113	6,759
2022-2025	408	10,259	10,667
Totals	\$ 6,340	\$ 38,122	\$ 44,462

Note Dated June 21, 2017			
Year Ending June 30	Interest	Principal	Total
2019	\$ 930	\$ 11,070	\$ 12,000
2020	393	11,607	12,000
2021	8	1,936	1,944
Totals	\$ 1,331	\$ 24,613	\$ 25,944

Note 4. Operating Leases

The Organization has an operating lease for office space on a month to month basis. The rental cost for the year ended June 30, 2018 was \$24,240.

Note 5. Donated Services

Unpaid volunteers have made significant contributions of their time to the Organization. The value of the contributed time is not reflected in these statements since it is not susceptible to an objective measurement.

Note 6. Retirement Plan

The Organization adopted a 401-K savings plan for its employees. All employees are eligible to participate from date hired. Employees are eligible to make voluntary contributions to the plan. The Organization matches the first three per cent of employee wages contributed to the plan. The Organization contributed \$8,215 to the Plan during the year ended June 30, 2018.

Note 7. Subsequent Events

The Organization has no material subsequent events that would require disclosure. Subsequent events have been evaluated through January 15, 2019, which is the date the financial statements were available for issuance.

Note 8. Income Taxes

As of June 30, 2018, tax years 2015 and subsequent years were still within the prescription period for examination by taxing authorities.

SUPPLEMENTAL SCHEDULES

FAMILIES HELPING FAMILIES AT THE CROSSROADS OF LOUISIANA, INC.

PINEVILLE, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2018

James Sprinkle - Executive Director

<u>Purpose</u>	<u>Amounts</u>
Salary	\$ 56,500
Benefits - Insurance	-
Benefits - 401-K	-
Car Allowance	-
Vehicle Provided by Organization	3,375
Per Diem	-
Reimbursements	-
Housing	-
Converence	-
Housing	-
Total Compensation, Benefits and Other Payables	<u>\$ 59,875</u>

See Independent Auditor's report and Notes to the Financial Statements.

COMPLIANCE AND INTERNAL CONTROL

Roy K. Derbonne, Jr., LLC

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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
of Families Helping Families at the Crossroads
of Louisiana, Inc.
Pineville, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and 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 at the Crossroads of Louisiana, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 15, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Families Helping Families at the Crossroads of 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Families Helping Families at the Crossroads of Louisiana, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of Families Helping Families at the Crossroads of 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.

My 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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As a part of obtaining reasonable assurance about whether Families Helping Families at the Crossroads of Louisiana, Inc.'s financial statements are free of material misstatement, I 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 statements amounts. However, providing an opinion on compliance with these provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying summary schedule of current year audit findings as 2018-1.

Response to Finding

Families Helping Families at the Crossroads of Louisiana, Inc.'s response to the finding identified in my audit is described in the accompanying summary schedule of current year audit findings. The response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I 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 on the Organization's internal control or on compliance. This report is an intergral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Roy K. Derbonne
Certified Public Accountant

Alexandria, Louisiana
January 15, 2019

FAMILIES HELPING FAMILIES AT THE CROSSROADS OF LOUISIANA, INC.

PINEVILLE, LOUISIANA

SUMMARY SCHEDULE OF CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

PART I - SUMMARY OF AUDITOR'S REPORTS

A. Auditor's Report - Financial Statements

My audit of the financial statements as of June 30, 2018, resulted in an unmodified opinion.

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

Internal Control				
Material Weakness	_____	Yes	<u>X</u>	No
Significant Deficiency	_____	Yes	<u>X</u>	No
Compliance				
Compliance Material to Financial Statements	<u>X</u>	Yes	_____	No

C. Federal Awards (Not Applicable)

PART II - FINANCIAL STATEMENT FINDINGS

2018-1 Failure to furnish audit to the Legislative Auditor within six months of the close of the fiscal year.

Criteria:	Louisiana RS 24:513 requires the audit to be completed and filed with the Legislative Auditor within six months after the close of the Organization's fiscal year end.
Condition:	Not in compliance with La. RS 24:513.
Cause:	The Organization engaged their prior accountant in mid December, which did not allow enough time to have the engagement approved and the audit work completed within the required six months from the Organization's fiscal year end.
Effect:	Placing the Organization in non-compliance status until the audit is completed and submitted to the Legislative Auditor.
Recommendation:	Engage auditor before year end to ensure that the audit will be completed and submitted to the Legislative Auditor on time.
Management's Reponse:	Management concurs with the finding and will engage auditor so as to make sure that the audit is completed and submitted with the provisions of La. RS

PART III - MANAGEMENT LETTER

No management letter was issued.

FAMILIES HELPING FAMILIES AT THE CROSSROADS OF LOUISIANA, INC.

PINEVILLE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

There were no prior year findings for the year ending June 30, 2017.

Roy K. Derbonne, Jr., LLC

Certified Public Accountant
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Families Helping
Families at the Crossroads of La., and the
Louisiana Legislative Auditor

I have performed the procedures enumerated below, which were agreed to by Families Helping Families at the Crossroads of La. (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

A. Budgeting

- a. preparing,
- b. adopting,
- c. monitoring,
- d. amending the budget.

There is nothing in the manual regarding the budget.

B. Purchasing

- a. how purchases are initiated,
- b. how vendors are added to the vendor list,
- c. preparation and approval process for purchase requisitions and purchase orders,
- d. controls to ensure compliance with the public bid law, and
- e. documentation required to be maintained for all bids and price quotes.

The is nothing in the manual regarding purchases.

C. Disbursements, including

- a. processing,
- b. reviewing, and
- c. approving.

There is nothing in the manual regarding disbursements.

D. Receipts, including

- a. receiving,
- b. recording, and
- c. preparing deposits.

There is nothing in the manual regarding receipts.

E. Payroll/Personnel, including

- a. payroll processing, and
- b. reviewing and approving time and attendance records, including leave and overtime worked.

The above two items are included in the personnel manual.

D. Contracting, including

- a. types of services requiring written contracts,
- b. standard terms and conditions,
- c. legal review
- d. approval process, and
- e. monitoring process.

There is nothing in the manual regarding contracts.

E. Credit Cards (and debit cards, fuel cards, P-cards, if applicable) including

- a. how cards are to be controlled,
- b. allowable business uses,
- c. documentation requirements,
- d. required approvers, and
- e. monitoring card usage.

There is nothing in the manual regarding credit cards.

F. Travel and expense reimbursement, including

- a. allowable expenses,
- b. dollar thresholds by category of expense,
- c. documentation requirements, and
- d. required approvers.

Travel and expense reimbursement is included in the manual.

G. Ethics

Ethics requirements are not applicable to nonprofits.

H. Debt Service

Debt Service requirements are not applicable to nonprofits.

2. Obtain and review the board/committee minutes for the fiscal period and:

- a. Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The board met with a quorum on a quarterly basis.

- b. Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP basis).

Budget to actual comparisons were presented at board meetings and attached to the minutes each quarter.

1. If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit.

There was no deficit reported.

2. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

There was no deficit reported.

- c. Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The minutes did include non-budgetary information for at least one meeting during the fiscal period.

3. Obtain a listing of client bank accounts from management and management's representation the listing is complete.

List was obtained and the client represented that it was complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than five accounts). If there is a change in the practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. Note: School student activity fund accounts may be excluded from the selection if they are otherwise addressed in a separate audit or AUP engagement. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a. Bank reconciliations have been prepared;

Monthly bank reconciliations were prepared for each bank account selected.

- b. Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Bank reconciliations were reviewed by a member of management not involved in the transactions.

- c. If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than six months as of the end of the fiscal period.

There was no documentation reflecting research on reconciling items outstanding for over six months.

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Client represented that there are no cash collection locations.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than five locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. Note: School student activity fund accounts may be excluded from the selection if they are otherwise addressed in a separate audit or AUP engagement. For each cash collection location selected:

- a. Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is

1. bonded,

Not applicable.

2. not responsible for depositing the cash in the bank, recording the related transactions, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and

Not applicable.

3. not required to share the same cash register or drawer with another employee.

No cash register or cash drawer is used.

- b. Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Not applicable.

- c. Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

1. Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Not applicable.

2. Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Not applicable.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties,

reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Not applicable.

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

List was obtained and client represented that it was complete.

9. Using disbursement population from step 8 above, randomly select twenty-five disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than twenty-five transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a. Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Purchase orders were not used to initiate the purchase for all transactions.

- b. Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Not applicable.

- c. Payments for purchases were not processed without an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Not applicable.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

This is not covered in the policy manual.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

This is contained in the policy manual.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions.

Checks are maintained in a locked location where only authorized personnel have access to them.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

No signature stamp is used and signed checks are kept in a locked location until mailed.

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

List was obtained and client represented that it was complete.

15. Using the listing prepared by management, randomly select ten cards (or at least one-third of the cards if the entity has less than ten cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card and:

- a. Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Monthly statements and supporting documentation was not reviewed and approved, in writing, by someone other than the authorized card-holder.

- b. Report whether finance charges and/or late fees were assessed on the selected statement.

There was no finance charges or late fees assessed on the selected statement.

16. Using the monthly statement or combined statement selected in step fifteen above, obtain supporting documentation for all transactions for each of the cards selected:

- a. For each transaction, report whether the transaction is supported by:

1. An original itemized receipt

An original itemized receipt was present for all transactions except for two which were electronic transactions.

2. Documentation of the business/public purpose. For meal charges, there should be also documentation of the individuals participation.

Documented business purpose was present for all transactions.

3. Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Other documentation required by the written policy was present for all transactions.

- b. For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

None of the transactions selected were subject to the Louisiana Public Bid Law.

- c. For each transaction, compare the entity's documentation of the business/public purpose to requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances on non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Each transaction selected follows Article 7, Section 14 of the Louisiana Constitution.

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

List obtained from management and management represented that it was complete.

18. Obtain the entity's written policies related to travel and expense reimbursement. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration and report any amounts that exceed GSA rates.

Rates are present in the written policies and procedures manual. Rates do not exceed the established rates of the U.S. General Services Administration.

19. Using the listing or general ledger from step seventeen above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a. Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g. rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rate in step eighteen above and report each reimbursement that exceeded those rates.

Documentation for expenses did not exceed GSA rates.

- b. Report whether each expense is supported by:

1. An original itemized receipt that identifies precisely what was purchased.

An original itemized receipt was present for each reimbursement.

2. Documentation of the business/public purpose.

Documentation on the business/public purpose was present for each reimbursement.

3. Other documentation as may be required by written policy (e.g. authorization for travel, conference brochure, certificate of attendance)

Documentation met written policy requirements.

- c. Compare entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for travel expenses)

of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transactions as an exception.

Each transaction selected follows Article 7, Section 14 of the Louisiana Constitution.

- d. Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

All expense documentation had written approval by management prior to reimbursement.

20. Obtain a listing of all contracts in effect during the period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

List was obtained and client represented that it was complete.

21. Using the listing above, select five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a. Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

There were only two vendors the entity was under contract with. Both vendors have formal written contracts that support the service arrangement and the amount paid.

- b. Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

1. If yes, obtain/compare supporting documentation to legal requirements and report whether the entity complied with all legal requirements (e.g. solicited quotes or bids, advertisement, selected lowest bidder).

The two contracts selected were not subject to the Louisiana Bid Law.

- c. Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

The contracts were not amended.

- d. Select the largest payment from each of the contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

A supporting invoice was presented for the contract payments. The invoice and subsequent payment complied with the terms and conditions of the contracts.

- e. Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Contracts do not need board approval.

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

List was obtained, and client represented that it was complete.

- a. Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

The employee files selected contained pay rate information and each employee was properly paid.

- b. Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

There were no pay changes for the five employees selected.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select five employee/officials and:

- a. Report whether all selected employees/officials documented their daily attendance and leave (e.g. vacation, sick compensation).

All selected employees/officials document their daily attendance.

- b. Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

There was written documentation approving leave for the selected employees/officials.

- c. Report whether there is written documentation that the entity maintained written leave records (e.g. hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

There are written leave records for all selected employees/officials.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete.

There were no employees/officials terminated during the fiscal period.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

The entity paid all tax payments and filed all payroll tax forms by their due date.

26. Using five randomly selected employees/officials from procedure twenty-two under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

This step is not applicable to nonprofits.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigate allegations received, and whether the allegations were addressed in accordance with policy.

This step is not applicable to nonprofits.

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

This step is not applicable to nonprofits.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

This step is not applicable to nonprofits.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

This step is not applicable to nonprofits.

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the Legislative Auditor and the District Attorney of the parish in which the entity is domiciled.

The entity did not have any instances of misappropriation of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The entity does not have notice required by R.S. 24:523.1 posted on its premises or website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

There were no exceptions noted regarding management's representation identified.

I was not engaged and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUP's. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of the testing performed on those C/C areas identified in the SAUPs, 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 LLA as a public document.



Roy K. Derbonne
Certified Public Accountant

Alexandria, Louisiana
January 15, 2019