

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

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Families Helping Families of Southwest Louisiana, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Families Helping Families of Southwest Louisiana, Inc. as of June 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Families Helping Families of Southwest Louisiana, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management of the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Families Helping Families of Southwest Louisiana, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Families Helping Families of Southwest Louisiana, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Families Helping Families of Southwest Louisiana, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to Executive Director are presented for purposes of additional analysis and are 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 Schedule of Compensation, Benefits and Other Payments to Executive Director are fairly stated in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2023, on our consideration of Families Helping Families of Southwest Louisiana, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of Families Helping Families of Southwest Louisiana, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Families Helping Families of Southwest Louisiana, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Families Helping Families of Southwest Louisiana, Inc.'s June 30, 2022 financial statements, and our report dated December 12, 2022, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
December 22, 2023

Families Helping Families of Southwest Louisiana, Inc.

STATEMENT OF FINANCIAL POSITION

**June 30, 2023
with comparative totals for 2022**

ASSETS

| | 2023 | 2022 |
|---|---------------------|---------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 277,144 | \$ 401,290 |
| Beneficial interest in the assets held by the Community Foundation of SWLA | 75,779 | 71,417 |
| Grants receivable | 5,601 | 14,064 |
| Contracts receivable | 65,784 | 55,981 |
| Prepaid insurance | 10,062 | 4,734 |
| Total current assets | 434,370 | 547,486 |
| PROPERTY, EQUIPMENT AND SOFTWARE | | |
| Property and equipment | | |
| Furniture and equipment | 22,059 | 15,682 |
| Library | 5,679 | 5,679 |
| Building | 314,255 | 314,255 |
| | 341,993 | 335,616 |
| Less accumulated depreciation | (29,440) | (19,103) |
| | 312,553 | 316,513 |
| Land | 87,806 | 87,806 |
| Net property and equipment | 400,359 | 404,319 |
| Software | 13,000 | 13,000 |
| Less accumulated amortization | (4,694) | (361) |
| Net software | 8,306 | 12,639 |
| Total property, equipment and software | 408,665 | 416,958 |
| OTHER ASSETS | | |
| Investments | 171,263 | 69,626 |
| Deposits | 350 | 350 |
| Total other assets | 171,613 | 69,976 |
| Total Assets | \$ 1,014,648 | \$ 1,034,420 |

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

Families Helping Families of Southwest Louisiana, Inc.

STATEMENT OF FINANCIAL POSITION

**June 30, 2023
with comparative totals for 2022**

LIABILITIES AND NET ASSETS

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 6,369 | \$ 8,602 |
| Accrued liabilities | 9,014 | 13,875 |
| Total current liabilities | <u>15,383</u> | <u>22,477</u> |
| Total liabilities | <u>15,383</u> | <u>22,477</u> |
| NET ASSETS | | |
| Without donor restrictions | | |
| Undesignated | 923,486 | 940,526 |
| Designated by Board for Community Foundation | | |
| Investment | <u>75,779</u> | <u>71,417</u> |
| Total without donor restrictions | <u>999,265</u> | <u>1,011,943</u> |
| Total net assets | <u>999,265</u> | <u>1,011,943</u> |
| Total Liabilities and Net Assets | <u>\$ 1,014,648</u> | <u>\$ 1,034,420</u> |

Families Helping Families of Southwest Louisiana, Inc.

STATEMENT OF ACTIVITIES

**For the year ended June 30, 2023
with comparative totals for 2022**

| | 2023 | | | 2022 |
|--|-------------------------------|----------------------------|-------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Total |
| REVENUES, GAINS AND OTHER SUPPORT | | | | |
| Governmental Grants | \$ - | \$ 80,828 | \$ 80,828 | \$ 73,759 |
| Contract fees | - | 432,027 | 432,027 | 426,143 |
| Contributions | - | 7,609 | 7,609 | 16,124 |
| Fund-raising/special events | 11,415 | - | 11,415 | 17,722 |
| Miscellaneous income | 6,195 | - | 6,195 | 4,788 |
| Investment income | 4,132 | - | 4,132 | 4,662 |
| Unrealized gain (loss) on investments | 5,195 | - | 5,195 | (2,241) |
| PPP loan forgiveness | - | - | - | 71,510 |
| Insurance recoveries | 25,000 | - | 25,000 | 16,913 |
| Gain on sale of building | - | - | - | 28,602 |
| Total revenues and gains | 51,937 | 520,464 | 572,401 | 657,982 |
| Net assets released from restrictions | 520,464 | (520,464) | - | - |
| TOTAL REVENUES, GAINS AND OTHER SUPPORT | 572,401 | - | 572,401 | 657,982 |
| EXPENSES AND LOSSES | | | | |
| Program service | 538,944 | - | 538,944 | 536,424 |
| Management and general | 40,711 | - | 40,711 | 37,700 |
| Fund-raising | 5,424 | - | 5,424 | 2,078 |
| TOTAL EXPENSES AND LOSSES | 585,079 | - | 585,079 | 576,202 |
| CHANGE IN NET ASSETS | (12,678) | - | (12,678) | 81,780 |
| NET ASSETS AT BEGINNING OF YEAR | 1,011,943 | - | 1,011,943 | 930,163 |
| NET ASSETS AT END OF YEAR | \$ 999,265 | \$ - | \$ 999,265 | \$ 1,011,943 |

Families Helping Families of Southwest Louisiana, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

**For the year ended June 30, 2023
with comparative totals for 2022**

| | Program | Management | Fund | Total | |
|---|-------------------|------------------|-----------------|-------------------|-------------------|
| | Services | and General | Raising | Services | |
| | 2023 | | | 2023 | 2022 |
| Advertising and promotion | \$ 195 | \$ 9 | \$ 1 | \$ 205 | \$ 984 |
| Bank service charges | - | - | - | - | 18 |
| Books and subscriptions | - | - | - | - | 419 |
| Client/project services | 22,443 | - | - | 22,443 | 12,318 |
| Conferences and forums | 1,386 | 84 | - | 1,470 | 100 |
| Insurance | 22,063 | 2,451 | - | 24,514 | 14,271 |
| Investment fees | 751 | 82 | - | 833 | 817 |
| Membership dues | 420 | 156 | - | 576 | 535 |
| Miscellaneous | 371 | 40 | - | 411 | 1,507 |
| Office expense and supplies | 12,201 | 1,356 | - | 13,557 | 10,582 |
| Payroll taxes | 28,687 | 1,831 | - | 30,518 | 32,676 |
| Postage and shipping | 1,955 | 217 | - | 2,172 | 2,264 |
| Printing and publications | 995 | 111 | - | 1,106 | 1,195 |
| Professional fees | 8,640 | 960 | - | 9,600 | 9,050 |
| Occupancy | 8,138 | 543 | 362 | 9,042 | 15,008 |
| Repairs and maintenance | 20,237 | 2,249 | - | 22,486 | 9,437 |
| Repairs - hurricane and flooding | - | - | - | - | 2,500 |
| Salaries and wages | 371,371 | 22,031 | - | 393,402 | 419,579 |
| Special events | - | - | 5,062 | 5,062 | 1,475 |
| Staff development | 724 | 80 | - | 804 | 237 |
| Supplies | 5,908 | 5,636 | - | 11,544 | 11,924 |
| Computer software | - | - | - | - | 5,200 |
| Telephone | 6,841 | 760 | - | 7,601 | 8,674 |
| Travel and transportation | 6,709 | 47 | - | 6,756 | 3,815 |
| Utilities | 5,676 | 631 | - | 6,307 | 2,938 |
| Total before depreciation and amortization | 525,711 | 39,273 | 5,424 | 570,409 | 567,523 |
| Depreciation expense | 9,324 | 1,013 | - | 10,337 | 8,318 |
| Amoritzation expense | 3,908 | 425 | - | 4,333 | 361 |
| Total depreciation and amortization | 13,232 | 1,438 | - | 14,670 | 8,679 |
| TOTAL EXPENSES | \$ 538,944 | \$ 40,711 | \$ 5,424 | \$ 585,079 | \$ 576,202 |

Families Helping Families of Southwest Louisiana, Inc.

STATEMENT OF CASH FLOWS

**For the year ended June 30, 2023
with comparative totals for 2022**

| | 2023 | 2022 |
|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Increase (decrease) in net assets | \$ (12,678) | \$ 81,780 |
| Adjustments to reconcile change in net assets to net cash provided by (used) by operating activities | | |
| Depreciation | 10,337 | 8,318 |
| Amortization | 4,333 | 361 |
| (Increase) decrease in operating assets | | |
| Grants/contracts receivable | (1,340) | (4,181) |
| Prepaid expenses | (5,328) | 2,069 |
| Increase (decrease) in operating liabilities | | |
| Accounts payable | (2,233) | (26,704) |
| Accrued expenses | (4,861) | 1,289 |
| NET CASH FROM OPERATING ACTIVITIES | (11,770) | 62,932 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments for property, equipment and software | (6,377) | (417,576) |
| Proceeds from insurance recoveries | - | 193,268 |
| Proceeds from the sale of property | - | 107,698 |
| Reinvestment in Community Foundation assets | (4,362) | 3,058 |
| Reinvestment in investments | (139,529) | (3,626) |
| Proceeds from the maturity of certificate of deposits | 37,892 | 108,039 |
| NET CASH FROM INVESTING ACTIVITIES | (112,376) | (9,139) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| PPP loan forgiveness | - | (71,510) |
| NET CASH FROM FINANCING ACTIVITIES | - | (71,510) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (124,146) | (17,717) |
| BEGINNING CASH AND CASH EQUIVALENTS | 401,290 | 419,007 |
| ENDING CASH AND CASH EQUIVALENTS | \$ 277,144 | \$ 401,290 |

Families Helping Families of Southwest Louisiana, Inc.

**Notes to Financial Statements
June 30, 2023**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Families Helping Families of Southwest Louisiana, Inc. have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

1. Organization and Purpose

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

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

2. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) Topic, *Financial Statements of Not-for-Profit Organizations*. In accordance with this guidance, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

3. Cash and Cash Equivalent

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

4. Use of Estimates

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

Families Helping Families of Southwest Louisiana, Inc.

**Notes to Financial Statements
June 30, 2023**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Property, Equipment and Software

Purchased property, equipment and software are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as donor restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies donor restricted net assets to net assets without donor restrictions at that time. No restrictions have been placed on assets donated to the Organization

Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Depreciation expense for the year ended June 30, 2023 is \$10,337. Amortization expense for the year ended June 30, 2023 is \$4,333.

The useful lives of fixed assets for purposes of computing depreciation and amortization (software) are:

| | |
|-----------------------------------|--------------|
| Furniture, fixtures and equipment | 5 – 10 Years |
| Buildings | 40 Years |
| Improvements | 5 – 40 Years |
| Computer software | 3 Years |

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

6. Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Families Helping Families of Southwest Louisiana, Inc.

**Notes to Financial Statements
June 30, 2023**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets available subject to donor-imposed or certain grantor-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 resources 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.

The Organizations report contributions restricted by donors as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

8. Concentration of Revenue and Support

The Organization receives funding primarily from grants and contracts from the State of Louisiana Department of Health and Hospitals, State Department of Education, and State Department of Social Services. Such programs are subject to independent audit as well as review by their respective agencies. If funding from these Departments were reduced or no longer available to the Organization, the operations of the Organization could be adversely impacted.

9. Contributed Goods and Services

During the year ended June 30, 2023, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

10. Receivables

Grant and contract revenue are typically on cost-reimbursement arrangements and revenue is recognized after the program expenditures have been incurred. As such, the Organization recognizes revenue and records a receivable for the reimbursement amount from the respective agency. Grants and contracts receivable are stated at net realizable value. In determining whether or not to record an allowance for doubtful accounts, management makes a judgmental determination based on an evaluation of the facts and circumstances related to each account. At June 30, 2023, the Organization considers all receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to the change in net assets when the determination is made.

Families Helping Families of Southwest Louisiana, Inc.

**Notes to Financial Statements
June 30, 2023**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Revenue Recognition

Families Helping Families of Southwest Louisiana, Inc. adopted Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, or Accounting Standards Codification Topic 606 (“ASC 606”). The guidance outlines a single, comprehensive model for accounting for revenue in exchange transactions from contracts with customers. The Organization’s revenue derived from exchange transactions are for services performed under terms of various contracts and special event revenue. The Organization applied Topic 606 to its revenue derived from exchange transactions as follows:

Transaction price - The transaction price of contract revenue and special event revenue are based on the cost expended to provide such goods and services.

Performance obligations – The Organization has identified the following performance obligations in exchange transactions: (1) services under terms of various contracts; and (2) fundraising services to obtain donations. The Organization applies the principles of materiality in the determination of the performance obligations.

Contract fee revenues are recognized over the time in which the support performance obligations are met. Contract payments are made the following month after billing and support performance documents have been submitted to contractor. Expenses are recognized in the period incurred in accordance with the accrual basis of accounting. Fundraising revenues representing reciprocal transfers (exchange transactions) are recognized when the performance obligation is satisfied. The Organization’s estimate of the transaction price is determined based on the cost expended to provide such goods or services.

The following table presents the Organization’s net revenue disaggregated based on the revenue source:

| <u>For the year ended June 30,</u> | <u>2023</u> | <u>2022</u> |
|---|------------------|------------------|
| Contract fee income | \$432,027 | \$426,143 |
| Fundraising event exchange transactions | 2,910 | 1,475 |
| Total revenue from contracts with customers | <u>\$434,937</u> | <u>\$427,618</u> |

The following table presents the Organization’s contract balances based on revenues from contracts with customers.

| | | |
|----------------------------|-----------|-----------|
| Receivables from contracts | \$ 65,784 | \$ 55,981 |
|----------------------------|-----------|-----------|

Families Helping Families of Southwest Louisiana, Inc.

**Notes to Financial Statements
June 30, 2023**

NOTE B - FAIR VALUES OF FINANCIAL INSTRUMENTS

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at June 30, 2023, do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange. The recorded values of cash and cash equivalents, grants receivable, contract receivable, prepaid insurance, accounts payable and accrued liabilities approximate their fair values based on their short-term nature.

NOTE C – BENEFICIAL INTEREST IN ASSETS

During 2015, the Board of Directors designated and the Organization transferred \$50,000 of assets to the Community Foundation of Southwest Louisiana (the “Foundation”) which is holding them as an endowed component fund (“Fund”) for the benefit of non-related charitable organizations. The Organization has granted the Foundation variance power which gives the Foundation’s Board of Trustees the power to use the Fund for the Foundation’s charitable purposes. The Fund is subject to the Foundation’s investment and spending policies which currently result in a distribution of 5% of the Fund as of the end of each calendar quarter. Any distributions from the Fund cannot cause the fair value of the Fund to drop below its Historic Dollar Value of \$50,000. The Organization has the ability to request termination of this agreement at any time. Upon termination the remainder of these funds would be return to Families Helping Families of Southwest Louisiana. The Community Foundation of Southwest Louisiana charges a 0.25% quarterly administrative fee.

Changes in the Fund for the year ended June 30, 2023 are as follows:

| | |
|---------------------------------|------------------|
| Balance at July 1, 2022 | \$ 71,417 |
| Amounts invested in the Fund | - |
| Share of appreciation of Fund | 3,415 |
| Income from investments | 1,780 |
| Administration fees | (833) |
| Distributions made from Fund | - |
| Balance at June 30, 2023 | <u>\$ 75,779</u> |

The summary of changes in fair value of the beneficial interest in the assets held by the Community Foundation of SWLA has been prepared to reflect the activity in the same categories as those provided by the Community Foundation of SWLA. Net investment performance includes realized and unrealized gains (losses) on investments, investment income, and administrative fees and is included in the respective line items of investment income and unrealized gain (loss) on investments in the accompanying statement of activities. Typically, distributions decrease the Organization’s respective financial asset and increase cash at the time of distribution.

Families Helping Families of Southwest Louisiana, Inc.

**Notes to Financial Statements
June 30, 2023**

NOTE D – INVESTMENTS

The Organization applies GAAP for fair value measurements of financial assets that are recognized at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair market hierarchy are as follows.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.

Level 2 inputs are inputs (other than quoted prices in Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 are unobservable inputs for the asset or liability and rely on management’s own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available).

Beneficial interest in assets held by the Community Foundation of SWLA: The fair value of the Organization’s beneficial interest in assets held by the Community Foundation of SWLA is based on the fair value of fund investments as reported by the Community Foundation of SWLA. These are considered to be level 3 investments. See Note C for a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (level 3) for the year ending June 30, 2023.

As of June 30, 2023, the Organization’s investments measured on a recurring basis consisted of investments with fair market value and cost bases as follows:

| | <u>Cost</u> | <u>Fair Value</u> | <u>Unrealized Gain (Loss)</u> |
|---|-------------|-------------------|-------------------------------|
| U.S. Treasury Bond Investments (Level 1 Observable Inputs) | \$ 49,928 | \$ 49,391 | \$ (537) |
| Certificate of Deposit Investments (Level 2 Observable Inputs) | \$ 122,519 | \$ 121,872 | \$ (647) |
| Beneficial Interest in Assets (Level 3 Unobservable Inputs) | \$ 54,664 | \$ 75,779 | \$ 21,115 |

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

Families Helping Families of Southwest Louisiana, Inc.

**Notes to Financial Statements
June 30, 2023**

NOTE E - FUNCTIONAL ALLOCATION OF EXPENSES

Expenses were allocated in the accompanying financial statements to program and support services functional expense groups. The methods of allocation were based on the Organization's estimates of the relative proportion of various staff members' time and effort between program and support services as well as the Organization's estimates of the amount of each expense utilized for program or support service functions.

NOTE F - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization has \$348,529 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of substantially cash of \$277,144, grants receivable of \$5,601 and contracts receivable of \$65,784. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. The Organization has a goal to maintain financial assets which consist of cash on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$95,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, the Organization deposits cash in excess of daily requirements in certificate of deposit investments.

NOTE G - INCOME TAXES

Families Helping Families of Southwest Louisiana, Inc. was incorporated under the laws of the State of Louisiana. The Organization is operated exclusively for charitable services and has qualified for the exemption from Federal income taxes under Section 501 (c) (3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509 (a) of the Code. Families Helping Families of Southwest Louisiana, Inc. is required to file the applicable Form 990, *Return of Organization Exempt from Income Tax*. Returns are subject to examination by the IRS, generally for three years after they are filed.

NOTE H - COMPENSATED ABSENCES

Employees of Families Helping Families of Southwest Louisiana, Inc. are entitled to paid vacation and personal days off depending on job classification, length of service and other factors. The value of these compensated absences is calculated based on the employee's pay rate at the end of the year. Accrued compensated absences totaled \$8,348 at June 30, 2023.

Families Helping Families of Southwest Louisiana, Inc.

**Notes to Financial Statements
June 30, 2023**

NOTE I - CONCENTRATION OF RISK

Families Helping Families of Southwest Louisiana, Inc. maintains cash balances at several financial institutions located in Southwest Louisiana. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, the Organization maintains deposit balances that exceed federally insured limits. The Organization deposits its cash with high quality financial institutions, and management believes the organization is not exposed to significant credit risk on those amounts.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of investments, grants receivable and contracts receivable. Grants and contracts receivable are principally with departments of the State of Louisiana for services performed. The Organization considers these amounts collectible and is reported at net realizable value.

NOTE J - SUBSEQUENT EVENT

The Organization evaluated its June 30, 2023 financial statements for subsequent events through the date of the audit report, the date the financial statements were available to be issued. The Organization is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

NOTE K - NOTE PAYABLE

During the fiscal year ended June 30, 2021, the Organization received a loan in the amount of \$71,510 from the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. During fiscal year ending June 30, 2022, the Organization applied for and has been notified that \$71,510 in eligible expenditures for payroll and other expenses described in the CARES Act has been forgiven. Loan forgiveness is reflected in the accompanying statement of activities.

STEVEN M. DEROUEN & ASSOCIATES, LLC

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Certified Public Accountants

Member Louisiana Society of
Certified Public Accountants

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*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Families Helping Families of Southwest Louisiana, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 22, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Families Helping Families of Southwest Louisiana, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Families Helping Families of Southwest Louisiana, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Families Helping Families of Southwest 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Families Helping Families of Southwest Louisiana, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
December 22, 2023

Families Helping Families of Southwest Louisiana, Inc.

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended June 30, 2023

We have audited the financial statements of Families Helping Families of Southwest Louisiana, Inc. for the year ended June 30, 2023, and have issued our report thereon dated December 22, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2023 resulted in an unqualified opinion.

Section I – Summary of Auditor’s Report

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

Internal Control

Material Weakness Yes No Other Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. There were no current year management letter comments.

Section II – Financial Statement Findings

There were no current year financial statement findings.

Families Helping Families of Southwest Louisiana, Inc.

SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2023

NONE

Families Helping Families of Southwest Louisiana, Inc.

Schedule of Compensation, Benefits and Other Payments to Executive Director

Paid from Public Funds

June 30, 2023

Agency Head Name: Susan Riehn, Executive Director

| Purpose | Amount |
|--|---------------|
| Salary | \$51,404 |
| Benefits-Life Insurance | 662 |
| Benefits-retirement | - |
| Benefits-Wage Differential COVID 19 | - |
| Car allowance | - |
| Vehicle provided by government | - |
| Per diem | - |
| Reimbursements – Auto Mileage Reimb | 222 |
| Travel | - |
| Registration fees- Legislative Breakfast | 50 |
| Conference travel | - |
| Continuing professional education fees | 75 |
| Housing | - |
| Unvouchered expenses | - |
| Special meals | - |