

Financial Report

*MacDonell United Methodist
Children's Services, Inc.*

Houma, Louisiana

June 30, 2019



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Children's Services, Inc.***

Houma, Louisiana

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June 30, 2019 and 2018

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
MacDonell United Methodist Children's Services, Inc.,
Houma, Louisiana.

Report on the Financial Statements

We have audited the accompanying financial statements of MacDonell United Methodist Children's Services, Inc. (the "Agency"), a nonprofit organization, which comprise the Statements of Financial Position as of June 30, 2019 and 2018 and the related Statements of Activities, Functional Expenses and Cash Flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to

design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Governmental Auditing Standards, we have also issued our report dated December 27, 2018 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards in considering the Agency's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Bourgeois Bennett, L.L.C." in a cursive, flowing script.

Certified Public Accountants.

Houma, Louisiana,
December 26, 2019.

STATEMENTS OF FINANCIAL POSITION**MacDonell United Methodist Children's Services, Inc.**
Houma, Louisiana

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash	\$ 523,538	\$ 478,914
Investments	390,724	285,998
Accounts receivable, state agencies	73,210	70,640
Prepaid insurance	21,502	18,909
Assets restricted for future years' use of facilities	1,058,876	1,151,634
Restricted trust - investments	137,895	131,028
Property and equipment, net	257,890	301,213
Other receivables	1,449	-
Deposits	200	200
Total assets	<u>\$ 2,465,284</u>	<u>\$ 2,438,536</u>
Liabilities		
Accounts payable	\$ 33,100	\$ 19,488
Accrued salaries and compensated absences	21,078	34,884
Payroll taxes payable	5,307	2,065
Other liabilities	1,564	4,143
Notes payable	21,059	25,065
Total liabilities	<u>82,108</u>	<u>85,645</u>
Net Assets		
Without donor restrictions:		
Designated	168,927	168,927
Undesignated	1,091,282	968,239
Total net assets without donor restrictions	1,260,209	1,137,166
With donor restrictions	1,122,967	1,215,725
Total net assets	<u>2,383,176</u>	<u>2,352,891</u>
Totals	<u>\$ 2,465,284</u>	<u>\$ 2,438,536</u>

See notes to financial statements.

STATEMENTS OF ACTIVITIES**MacDonell United Methodist Children's Services, Inc.**
Houma, Louisiana

For the years ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Unrestricted Net Assets		
Support:		
State of Louisiana - Department of Social Services	\$ 741,381	\$ 678,869
General Board of Global Ministries of the United Methodist Church	34,412	55,572
Churches and other affiliates	11,021	21,993
Contributions of individuals and other non-church affiliations	102,881	50,744
In-kind contributions, insurance	55,981	21,947
In-kind contributions	66,575	71,964
Special events	133,604	160,923
Total unrestricted support	<u>1,145,855</u>	<u>1,062,012</u>
Revenue:		
Interest income, bank accounts	1,799	600
Investment return	15,538	15,183
Gain (loss) on disposal of assets	(18,637)	152,820
Other income	143,357	118,172
Total unrestricted revenue	<u>142,057</u>	<u>286,775</u>
Net assets released from restrictions:		
Use of facilities	92,758	87,369
Earnings of the restricted trust	855	812
Total net assets released from restrictions	<u>93,613</u>	<u>88,181</u>
Total unrestricted support, revenue and net assets released from restrictions (carry forward)	<u>1,381,525</u>	<u>1,436,968</u>

**Exhibit B
(Continued)**

	<u>2019</u>	<u>2018</u>
Total unrestricted support, revenue and net assets released from restrictions (brought forward)	<u>1,381,525</u>	<u>1,436,968</u>
Expenses		
Program services:		
Plant operations and maintenance	188,645	192,450
Costs related to capital assets	180,941	181,205
Dietary	74,618	57,864
Laundry and linen	5,326	4,672
Personal client needs	5,047	1,538
Medical and nursing	3,026	2,848
Therapeutic and training	309,989	290,201
Recreational	<u>64,181</u>	<u>71,593</u>
Total program services	<u>831,773</u>	<u>802,371</u>
Support services:		
Administrative and general	314,492	328,439
Fund raising	<u>112,217</u>	<u>66,207</u>
Total support services	<u>426,709</u>	<u>394,646</u>
Total expenses	<u>1,258,482</u>	<u>1,197,017</u>
Increase in Net Assets Without Donor Restrictions	<u>123,043</u>	<u>239,951</u>
Net Assets With Donor Restrictions		
Net assets released from restrictions for use of facilities	(92,758)	(87,369)
Interest and dividends earned in restricted trust	855	812
Restricted trust earnings released from restrictions	<u>(855)</u>	<u>(812)</u>
Decrease in Net Assets With Donor Restrictions	<u>(92,758)</u>	<u>(87,369)</u>
Increase in Net Assets	30,285	152,582
Net Assets		
Beginning of year	<u>2,352,891</u>	<u>2,200,309</u>
End of year	<u><u>\$ 2,383,176</u></u>	<u><u>\$ 2,352,891</u></u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

MacDonell United Methodist Children's Services, Inc. Houma, Louisiana

For the year ended June 30, 2019

	Program Services					
	Plant Operations and Maintenance	Costs Related to Capital Assets	Dietary	Laundry and Linen	Personal Client Needs	Medical and Nursing
Salaries	\$ 56,048	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll taxes	4,497	-	-	-	-	-
Total salaries and related expenses	60,545	-	-	-	-	-
Activities and supplies	-	-	-	-	-	-
Advertising and promotion	-	-	-	-	-	-
Allowances	-	-	-	-	-	-
Auction items - Vol. Gala	-	-	-	-	-	-
Building and grounds maintenance	19,081	-	-	-	-	-
Building and grounds repair	9,015	-	-	-	-	-
Clothing	-	-	-	-	3,930	-
Decoration supplies - Vol. Gala	-	-	-	-	-	-
Depreciation:						
Building	-	1,111	-	-	-	-
Furniture and equipment	-	12,069	-	-	-	-
Leasehold improvements	-	8,428	-	-	-	-
Donated use of facilities	-	159,333	-	-	-	-
Dues	-	-	-	-	-	-
Entertainment - Vol. Gala	-	-	-	-	-	-
Facility production - Vol. Gala	-	-	-	-	-	-
Food and beverage	-	-	74,618	-	-	-
Food and beverage - Vol. Gala	-	-	-	-	-	-
Information technology	6,483	-	-	-	-	-
Insurance	66,598	-	-	-	-	-
Interest expense	-	-	-	-	-	-
License	-	-	-	-	-	-
Medical supplies	-	-	-	-	-	3,026
Miscellaneous	-	-	-	-	-	-
Motor vehicles - expenses and allowances	-	-	-	-	-	-
Office supplies	-	-	-	-	-	-
Personal items	-	-	-	-	1,117	-
Postage	-	-	-	-	-	-
Printing	-	-	-	-	-	-
Postage - Vol. Gala	-	-	-	-	-	-
Professional services	-	-	-	-	-	-
Repairs and maintenance - furniture and equipment	1,257	-	-	-	-	-
Subscriptions	-	-	-	-	-	-
Supplies	1,845	-	-	5,326	-	-
Telephone	4,804	-	-	-	-	-
Travel and seminar expenses	-	-	-	-	-	-
Utilities	19,017	-	-	-	-	-
Totals	\$ 188,645	\$ 180,941	\$ 74,618	\$ 5,326	\$ 5,047	\$3,026

See notes to financial statements.

Program Services			Support Services			Totals
Therapeutic and Training	Recreational	Total Program Services	Administrative and General	Fund Raising	Total Support Services	
\$ 286,408	\$ 41,167	\$ 383,623	\$ 147,469	\$ -	\$ 147,469	\$ 531,092
23,581	2,132	30,210	11,644	-	11,644	41,854
309,989	43,299	413,833	159,113	-	159,113	572,946
-	20,882	20,882	-	-	-	20,882
-	-	-	7,057	-	7,057	7,057
-	-	-	-	-	-	-
-	-	-	-	34,733	34,733	34,733
-	-	19,081	-	-	-	19,081
-	-	9,015	-	-	-	9,015
-	-	3,930	-	-	-	3,930
-	-	-	-	917	917	917
-	-	1,111	482	625	1,107	2,218
-	-	12,069	5,235	6,787	12,022	24,091
-	-	8,428	3,656	4,740	8,396	16,824
-	-	159,333	-	-	-	159,333
-	-	-	2,686	-	2,686	2,686
-	-	-	-	500	500	500
-	-	-	-	3,510	3,510	3,510
-	-	74,618	-	-	-	74,618
-	-	-	-	3,306	3,306	3,306
-	-	6,483	2,812	3,646	6,458	12,941
-	-	66,598	28,887	37,450	66,337	132,935
-	-	-	949	-	949	949
-	-	-	-	-	-	-
-	-	3,026	-	-	-	3,026
-	-	-	9,384	-	9,384	9,384
-	-	-	10,875	-	10,875	10,875
-	-	-	4,319	828	5,147	5,147
-	-	1,117	-	-	-	1,117
-	-	-	2,886	-	2,886	2,886
-	-	-	6,846	1,160	8,006	8,006
-	-	-	-	619	619	619
-	-	-	52,647	-	52,647	52,647
-	-	1,257	-	-	-	1,257
-	-	-	690	-	690	690
-	-	7,171	4,826	-	4,826	11,997
-	-	4,804	2,084	2,702	4,786	9,590
-	-	-	809	-	809	809
-	-	19,017	8,249	10,694	18,943	37,960
<u>\$ 309,989</u>	<u>\$ 64,181</u>	<u>\$ 831,773</u>	<u>\$ 314,492</u>	<u>\$ 112,217</u>	<u>\$ 426,709</u>	<u>\$ 1,258,482</u>

STATEMENT OF FUNCTIONAL EXPENSES

MacDonell United Methodist Children's Services, Inc. Houma, Louisiana

For the year ended June 30, 2018

	Program Services					
	Plant Operations and Maintenance	Costs Related to Capital Assets	Dietary	Laundry and Linen	Personal Client Needs	Medical and Nursing
Salaries	\$ 56,719	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll taxes	4,142	-	-	-	-	-
Total salaries and related expenses	60,861	-	-	-	-	-
Activities and supplies	-	-	-	-	-	-
Advertising and promotion	-	-	-	-	-	-
Allowances	-	-	-	-	28	-
Building and grounds maintenance	31,994	-	-	-	-	-
Building and grounds repair	4,223	-	-	-	-	-
Clothing	-	-	-	-	1,024	-
Decorations - Vol. Gala	-	-	-	-	-	-
Depreciation:						
Building	-	1,867	-	-	-	-
Furniture and equipment	-	10,062	-	-	-	-
Leasehold improvements	-	9,943	-	-	-	-
Donated use of facilities	-	159,333	-	-	-	-
Dues	-	-	-	-	-	-
Entertainment - Vol. Gala	-	-	-	-	-	-
Facility Production - Vol. Gala	-	-	-	-	-	-
Food and beverage	-	-	57,864	-	-	-
Food and beverage - Vol. Gala	-	-	-	-	-	-
Insurance	60,268	-	-	-	-	-
Insurance - Vol. Gala	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
License	-	-	-	-	-	-
Medical supplies	-	-	-	-	-	2,848
Miscellaneous	-	-	-	-	-	-
Motor vehicles - expenses and allowances	-	-	-	-	-	-
Office supplies	-	-	-	-	-	-
Personal items	-	-	-	-	486	-
Postage	-	-	-	-	-	-
Printing	-	-	-	-	-	-
Postage - Vol. Gala	-	-	-	-	-	-
Professional services	-	-	-	-	-	-
Repairs and maintenance - furniture and equipment	7,088	-	-	-	-	-
Subscriptions	-	-	-	-	-	-
Supplies	3,246	-	-	4,672	-	-
Telephone	4,697	-	-	-	-	-
Travel and seminar expenses	-	-	-	-	-	-
Utilities	20,073	-	-	-	-	-
Totals	\$ 192,450	\$ 181,205	\$ 57,864	\$ 4,672	\$ 1,538	\$ 2,848

See notes to financial statements.

Program Services			Support Services			Totals
Therapeutic and Training	Recreational	Total Program Services	Administrative and General	Fund Raising	Total Support Services	
\$ 269,948	\$ 46,093	\$ 372,760	\$ 146,205	\$ -	\$ 146,205	\$ 518,965
20,253	3,495	27,890	11,012	-	11,012	38,902
290,201	49,588	400,650	157,217	-	157,217	557,867
-	22,005	22,005	-	-	-	22,005
-	-	-	5,845	-	5,845	5,845
-	-	28	-	-	-	28
-	-	31,994	-	-	-	31,994
-	-	4,223	-	-	-	4,223
-	-	1,024	-	-	-	1,024
-	-	-	-	567	567	567
-	-	1,867	809	1,049	1,858	3,725
-	-	10,062	4,364	5,658	10,022	20,084
-	-	9,943	4,313	5,591	9,904	19,847
-	-	159,333	-	-	-	159,333
-	-	-	3,050	-	3,050	3,050
-	-	-	-	350	350	350
-	-	-	-	-	-	-
-	-	57,864	-	-	-	57,864
-	-	-	-	3,481	3,481	3,481
-	-	60,268	26,141	33,890	60,031	120,299
-	-	-	-	-	-	-
-	-	-	1,060	-	1,060	1,060
-	-	-	623	-	623	623
-	-	2,848	-	-	-	2,848
-	-	-	6,241	-	6,241	6,241
-	-	-	7,443	-	7,443	7,443
-	-	-	4,398	857	5,255	5,255
-	-	486	-	-	-	486
-	-	-	3,328	-	3,328	3,328
-	-	-	6,110	685	6,795	6,795
-	-	-	-	150	150	150
-	-	-	79,889	-	79,889	79,889
-	-	7,088	-	-	-	7,088
-	-	-	75	-	75	75
-	-	7,918	3,901	-	3,901	11,819
-	-	4,697	2,037	2,641	4,678	9,375
-	-	-	2,888	-	2,888	2,888
-	-	20,073	8,707	11,288	19,995	40,068
<u>\$ 290,201</u>	<u>\$ 71,593</u>	<u>\$ 802,371</u>	<u>\$ 328,439</u>	<u>\$ 66,207</u>	<u>\$ 394,646</u>	<u>\$ 1,197,017</u>

STATEMENTS OF CASH FLOWS**MacDonell United Methodist Children's Services, Inc.**
Houma, Louisiana

For the years ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Increase in net assets	\$ 30,285	\$ 152,582
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Non-cash lease expense	92,758	87,369
Depreciation	43,133	43,656
Gain from disposition of equipment	18,637	(152,820)
Realized gain on sale of investments	(6,617)	(3,743)
Unrealized gains on investments	(3,394)	(6,873)
Decrease (increase) in assets:		
Receivables	(4,019)	(19,109)
Prepaid insurance	(2,593)	2,874
Increase (decrease) in liabilities:		
Accounts payable	13,612	(601)
Accrued salaries and vacation	(13,806)	6,523
Payroll taxes payable	3,242	1,551
Other liabilities	(2,579)	(2,613)
Total adjustments	<u>138,374</u>	<u>(43,786)</u>
Net cash provided by operating activities	<u>168,659</u>	<u>108,796</u>
Cash Flows from Investing Activities		
Purchases of equipment	(33,295)	(34,153)
Proceeds from sale of assets	14,848	159,945
Purchases of investments	(106,382)	(5,381)
Proceeds of investments sold	<u>4,800</u>	<u>4,800</u>
Net cash provided by (used in) investing activities	<u>(120,029)</u>	<u>125,211</u>
Cash Flows from Financing Activities		
Principal payments of long-term debt	<u>(4,006)</u>	<u>(3,967)</u>
Net increase in cash	44,624	230,040
Cash		
Beginning of year	<u>478,914</u>	<u>248,874</u>
End of year	<u>\$ 523,538</u>	<u>\$ 478,914</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

MacDonell United Methodist Children's Services, Inc.
Houma,, Louisiana

June 30, 2019 and 2018

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Organization

MacDonell United Methodist Children's Services, Inc. (the "Agency") is the successor to the MacDonell United Methodist Children's Agency which was founded by Miss Ella K. Hooper in 1919 as a French mission school. Today, the Agency is a residential home for children whose circumstances leave them in need of a safe group living experience. The Agency provides around-the-clock care, education, Christian nurture, study and treatment for children in need of care outside their own homes. The Agency is licensed by the Louisiana State Department of Social Services for 11 residents as of June 30, 2019, and 12 residents as of June 30, 2018.

b) Basis of Accounting

Funds are accounted for using the accrual basis of accounting. Support and revenues are recognized when earned and expenses are recognized when incurred.

c) Financial Statement Presentation

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

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Agency, the passage of time, or are to be held in perpetuity by the Agency.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) 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 reported amounts of support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

e) Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Agency considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents, exclusive of investments in the Operating and Restricted Trusts. The Agency had no cash equivalents as of June 30, 2019 and 2018.

f) Investments

Investments consist of assets held in an Operating Trust, Restricted Trust, and the Greater New Orleans Foundation. All investments are stated at their fair market value in the Statements of Financial Position.

The Operating and Restricted Trusts are included in an investment pool administered by the United Methodist Foundation. The investment pool is operated using the "market value unit method". Under this method, each participant is assigned a number of units based on the relationship of the market value of all investments at the time of entry in the pool. Periodically, the pooled assets are valued. The new asset values are used to determine the number of units to be allocated to participants entering or withdrawing from the pools. Investment pool income, gains and losses are allocated based on the number of units held by each participant during the period. The Restrictive Trust includes but is not limited to restrictive net assets, as defined by ASC 958-210-20.

Pooled accounts managed by the Greater New Orleans Foundation are reported at fair market value, including any pro rata gains and losses.

g) Fair Values of Financial Instruments

The fair values of financial instruments have been determined through quoted market prices, comparable market prices, or present value techniques to approximate the amounts recorded in the Statements of Financial Position.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Bad Debts

The financial statements of the Agency contain no allowance for bad debts. Uncollectible receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or change in net assets.

i) Promises to Give/Contributions

Contributions are recognized when a donor makes an unconditional promise to give to the Agency. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give are recognized as assets and revenues.

Contributions received are recorded as unrestricted or restricted support, depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in donor restricted net assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor restricted net assets are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

j) Property and Equipment

Property and equipment are recorded at cost and are depreciated or amortized by the straight-line method over their estimated useful lives as follows:

Buildings	10 - 20 years
Leasehold improvements	10 - 25 years
Land improvements	11 - 20 years
Furniture and fixtures	7 - 8 years
Machinery and equipment	5 - 15 years
Autos and trucks	3 - 5 years

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Property and Equipment (Continued)

Additions and betterments of \$250 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. The cost and accumulated depreciation applicable to assets retired or sold are removed from the respective accounts and gains or losses thereon are included in operations. Depreciation and amortization expense for the years ended June 30, 2019 and 2018 was \$43,133 and \$43,656, respectively.

k) Donated Leased Property

Donations of leased property are recorded as support at the estimated fair value of the lease at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Donations for the use of property with explicit restrictions on time and use are reported as restricted support based on the estimated fair value of use. It is the Agency's policy to apply the time and use restrictions based on the assets' estimated fair values of use and term of use. The most recent independent appraisal of the use of the property is dated January 11, 1999. Absent donor stipulations regarding how long those donated assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service or used as instructed by the donor. The Agency reclassifies temporarily restricted net assets to unrestricted net assets at that time.

l) Donated Services and Materials

The National Division of the Board of Global Ministries of the United Methodist Church pays the "fire and extended coverage" insurance premium and fidelity bond coverage for the Agency. The donated premiums are recorded as contributions at their estimated fair values at the date of donation.

No amounts have been reflected in the financial statements for donated services and materials because there is no objective basis available to measure the value of such services and materials.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Compensated Absences

Full-time staff are entitled to paid vacations and holiday time after one full year of employment. Holiday time not taken is accrued from year to year. Vacations must be taken within the twelve months following the anniversary date of employment. Vacation time not used by this time will be forfeited and cannot be accrued from year to year unless the Agency requests an employee to postpone vacation for the good of the program. Terminating employees will be paid for unused vacation leave and holiday time if leaving prior to their anniversary date. The total amount of accrued accumulated vacation leave and holiday time as of June 30, 2019 and 2018 was \$8,523 and \$14,034, respectively.

Sick leave accrues at one-half day per month, or six days per year. An employee may accumulate sick leave up to a maximum of twelve days. Sick leave does not vest with the employee and, therefore, is forfeited upon termination.

n) Designated Net Assets

As of both June 30, 2019 and 2018, the Board designated \$168,927, of its net assets to be used for subsequent years' plant expansion.

o) Methods Used for Allocation of Expenses

Most of the expenses can be directly allocated to one of the programs or supporting services. The financial statements also report certain categories of expenses that are attributable to more than one program or supporting service. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, information technology, insurance, telephone, and utilities which are allocated based on estimated square footage.

p) Income Taxes

The Agency is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Agency's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Agency qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Recently Issued Accounting Standards

Presentation of Financial Statements for Not-for-Profit Entities

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *"Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities"*, which changes the current guidance for assets classification, governing board designations, investment return, underwater endowment funds, expenses, liquidity and presentation of operating cash flows. ASU 2016-14 reduces the required number of classes of net assets from three to two: net assets with donor restrictions and net assets without donor restrictions. ASU 2016-14 also requires not-for-profit entities to provide enhanced disclosures about the amounts and purposes of governing board designations and appropriations. ASU 2016-14 requires not-for-profits to report investment return net of external and direct internal investment expenses. The requirement to disclose those netted expenses is eliminated. In the absence of explicit donor restrictions, ASU 2016-14 requires not-for-profit entities to use the placed-in-service approach to account for capital gifts. The current option to use the over-time approach has been eliminated. ASU 2016-14 requires expenses to be reported by nature in addition to function and include an analysis of expenses by both nature and function. The methods used by not-for-profit entities to allocate costs among program and support functions will also need to be disclosed. ASU 2016-14 requires not-for-profit entities to provide both qualitative and quantitative information on management of liquid available resources and the ability to cover short-term cash needs within one year of the balance sheet date. Finally, current standards allow not-for-profit entities to decide whether to present operating cash flows using either the direct method or the indirect method. ASU 2016-14 eliminates the requirement to present or disclose the indirect method of reconciliation if the entity decides to use the direct method. The ASU is effective for annual reporting periods beginning after December 15, 2017. The Agency has adopted the provisions of ASU 2016-14 and has retrospectively applied this standard to the financial statements as of and for the year ended June 30, 2018.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Recently Issued Accounting Standards (Continued)

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU 2014-09, "*Revenue from Contracts with Customers*" (*Topic 606*), which provides a single comprehensive model for entities to use in accounting for revenue from contracts with customers and supersedes most current revenue recognition models. Subsequent to the issuance of ASU 2014-09, the FASB issued several additional ASUs which amended and clarified the guidance and deferred the effective date. The ASU is effective for annual reporting periods beginning after December 15, 2018, with certain early adoption provisions available. The Agency is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

Leases

In February 2016, the FASB issued ASU 2016-02, "*Leases*" (*Topic 842*). ASU 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the Statement of Financial Position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the Statement of Activities and the Statement of Cash Flows will be substantially unchanged from the existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. The Agency is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

Statement of Cash Flows

In November 2016, the FASB issued ASU 2016-18, "*Statement of Cash Flows*" (*Topic 230*). ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the Statement of Cash Flows. The amendments in ASU 2016-18 do not provide a definition of restricted cash or restricted cash equivalents. The ASU is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Agency is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) Reclassifications

Certain amounts in the 2018 financial statements have been reclassified to conform to the 2019 financial statement presentation.

Note 2 - INVESTMENTS

The fair values of investments reported in Investments without donor restrictions (Operating and the Greater New Orleans Foundation) and with donor restricted Trusts totaled \$528,619 and \$417,026 as of June 30, 2019 and 2018, respectively. The following schedule summarizes investment returns and their classification in the Statements of Activities for the years ended:

	June 30, 2019		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Totals</u>
Dividends and interest income	\$ 7,060	\$855	\$ 7,915
Net realized and unrealized gains	10,011	-	10,011
Fees	<u>(1,533)</u>	<u>-</u>	<u>(1,533)</u>
Total investment return (loss)	<u>\$15,538</u>	<u>\$855</u>	<u>\$16,393</u>
	June 30, 2018		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Totals</u>
Dividends and interest income	\$ 5,345	\$812	\$ 6,157
Net realized and unrealized gains	10,616	-	10,616
Fees	<u>(778)</u>	<u>-</u>	<u>(778)</u>
Total investment return (loss)	<u>\$15,183</u>	<u>\$812</u>	<u>\$15,995</u>

Note 3 - FAIR VALUE MEASUREMENT

The framework for measuring fair value provides 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) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments held in pooled accounts managed by United Methodist Foundation and Greater New Orleans Foundation are included in Level 2 of the fair value hierarchy as the investment pool is valued using the net asset value as reported by the custodian. The net asset values are determined based on the fair values of the underlying investments. The custodian uses independent pricing services, where available, to value the securities. If an independent pricing service does not value a security or the value is not, in the view of the custodian, representative of the market value, the custodian will attempt to obtain a price quote from a secondary pricing source, which may include third party brokers, investment advisers, and principal market makers or affiliated pricing services. If a secondary source is unable to provide a price, the custodian may obtain a quotation from the counterparty that sold the security.

Note 3 - FAIR VALUE MEASUREMENT (Continued)

This method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Agency believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

For the year ended June 30, 2019, investments in marketable securities are reported at fair value on a recurring basis determined by reference to quoted market prices and other relevant information generated by market transactions. Assets as of June 30, 2019 measured at fair value on a recurring basis are comprised of and determined as follows:

Description	Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Operating Trust managed by United Methodist Foundation	\$168,993	\$ -	\$168,993	\$ -
Pooled accounts managed by Greater New Orleans Foundation	221,731	-	221,731	-
	390,724	-	390,724	-
Restricted Trust managed by United Methodist Foundation	137,895	-	137,895	-
Totals	<u>\$528,619</u>	<u>\$ -</u>	<u>\$528,619</u>	<u>\$ -</u>

Note 3 - FAIR VALUE MEASUREMENT (Continued)

Assets as of June 30, 2018 measured at fair value on a recurring basis are comprised of and determined as follows:

Description	Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Operating Trust managed by United Methodist Foundation	\$171,391	\$ -	\$171,391	\$ -
Pooled accounts managed by Greater New Orleans Foundation	114,607	-	114,607	-
	285,998	-	285,998	-
Restricted Trust managed by United Methodist Foundation	131,028	-	131,028	-
Totals	<u>\$417,026</u>	<u>\$ -</u>	<u>\$417,026</u>	<u>\$ -</u>

As

of June 30, 2019 and 2018, there were no assets measured at fair values on a non-recurring basis.

The investment pools of the Operating and Restricted Trusts have been merged by the bank trustee. The administrator, the United Methodist Foundation, maintains separate accounting for the Operating and Restricted Trusts. The Operating Trust invests in high quality bonds and loans to Methodist Churches in the Louisiana Conference while the Restrictive Trust seeks to produce growth and income by investing in equities and short to intermediate-term bonds. The Greater Foundation of New Orleans uses a total return approach to investment management and is structured to deliver a predictable, smooth rate of return across all market environments. Information below for the Greater New Orleans Foundation is as of December 31, 2018 and 2017, while Operating and Restrictive Trusts are as of June 30, 2019 and 2018, consisted of the following:

	Operating and Restrictive Trust		Greater New Orleans Foundation	
	2019	2018	2019	2018
Cash and cash equivalents	4.0%	2.0%	16.0%	8.0%
Fixed income securities	44.7%	39.9%	66.6%	65.9%
Equities	37.9%	47.0%	17.4%	26.1%
Real estate and mortgage receivables	5.3%	4.8%	-	-
Hedge funds	8.1%	6.3%	-	-
Totals	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Note 4 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for specific purpose, designated subsequent periods, or held in perpetuity. A portion of the net assets with donor restrictions include the present value of a lease agreement between the Agency and the Women's Division of the General Board of Global Ministries of the United Methodist Church, the owner of certain land and buildings occupied by the Agency. The lease restricts the use of land, the Executive Director's residence, the administration building and various cottages to a residential treatment agency for children and youth for the fourteen years and nine months ending December 31, 2027. The present value of the lease, \$1,058,876 and \$1,151,634 as of June 30, 2019 and 2018 respectively, was determined by applying the time restriction to the use cost of the property, which is determined by multiplying the annual rental, based on an independent appraisal, by the number of years remaining on the lease. A discount rate of 6% was used to determine the present value for the years ended June 30, 2019 and 2018. The annual lease rental for both the years ended June 30, 2019 and 2018 was \$159,333.

Also included in net assets with donor restrictions for years ended June 30, 2019 and 2018 is \$35,816 in assets restricted for the purpose of construction of a girl's dormitory.

Donor restricted net assets as of June 30, 2019 and 2018 are available for the following purposes or periods:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for a specified purpose:		
Present value of the lease agreement	\$ 1,058,876	\$ 1,151,634
Construction of a girl's dormitory	<u>35,816</u>	<u>35,816</u>
Subject to the Agency's spending policy and appropriation:		
Funds held in perpetuity	<u>28,275</u>	<u>28,275</u>
Totals	<u>\$ 1,122,967</u>	<u>\$ 1,215,725</u>

Note 5 - GOVERNING BOARD DESIGNATIONS

Governing Board designations consist of the following as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Designated for plant expansion	<u>\$168,927</u>	<u>\$168,927</u>

Note 6 - PROPERTY AND EQUIPMENT

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

	<u>2019</u>	<u>2018</u>
Land and land improvements	\$ 82,046	\$ 82,046
Buildings	51,619	57,612
Leasehold improvements	903,977	926,423
Machinery and equipment	168,153	162,249
Furniture and fixtures	87,492	87,492
Autos and trucks	<u>74,637</u>	<u>75,827</u>
 Total property and equipment	 1,367,924	 1,391,649
Less accumulated depreciation	<u>(1,110,034)</u>	<u>(1,090,436)</u>
 Net property and equipment	 <u><u>\$ 257,890</u></u>	 <u><u>\$ 301,213</u></u>

Note 7 - NOTES PAYABLE

The Agency has a promissory note to the United Methodist Foundation with a balance of \$21,059 and \$25,065 as of June 30, 2019 and 2018, respectively. The note is secured with funds on deposit in the Operating and Restrictive Trusts, \$306,888 as of June 30, 2019 and payable in monthly installments of \$372 with the final installment due August 31, 2025. The interest on the principal balance accrues at a variable rate based on the United Methodist Foundation of Louisiana Fixed Income Fund Rate of Interest, plus 2%, 3% as of June 30, 2019. The change in the interest rate, if any, shall become effective on the first day of any calendar month following a change in the Fixed Income Fund Rate.

For the year ended June 30, 2019, the Agency made average monthly payments of \$400 on the note with the payment in excess of the required installment being applied to the principal balance. Accordingly, the principal balance of the note will become fully paid by August 1, 2024 under the existing terms of the note.

Note 7 - NOTES PAYABLE (Continued)

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 3,880
2021	3,998
2022	4,120
2023	4,245
2024	4,816
	<u>\$21,059</u>

The Agency recorded interest expense of \$949 and \$1,060 for the years ended June 30, 2019 and 2018, respectively.

Note 8 - LEASE COMMITMENTS

On May 1, 2018 the Agency entered into a five year operating lease agreement for office equipment. The lease terms provide for monthly rental payments of \$220.

Future minimum lease payments under the outstanding leases as of June 30, 2019 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 2,646
2021	2,646
2022	2,646
2023	2,645
Total	<u>\$10,583</u>

Rental expense for the years end June 30, 2019 and 2018 totaled \$5,127 and \$5,618, respectively.

Note 9 - INCOME TAXES

The Agency is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and application state law.

Note 9 - INCOME TAXES (Continued)

The accounting standards on accounting for uncertainty in income taxes address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Agency may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Agency and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from a tax position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for years ended June 30, 2019 and 2018.

The Agency files its forms 990 in the U.S. federal jurisdiction. The Agency is generally no longer subject to examination by the Internal Revenue Service for years before 2016.

Note 10 - RISK MANAGEMENT

The Agency is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the years ended June 30, 2019 and 2018.

Note 11 - CONCENTRATION OF RISK

MacDonell United Methodist Children's Services, Inc. maintains several bank accounts at Whitney Bank and Synergy Bank. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2019, cash in excess of the federally insured limits was approximately \$60,000.

Note 12 - AVAILABILITY OF FINANCIAL ASSETS

The Agency receives support both with donor restrictions and without donor restrictions. Contributions without donor restrictions, fundraising events, facility rentals, and miscellaneous income are considered to be available to meet cash needs for general expenditures. General expenditures include program services, general and administrative, and fundraising expenses. Annual operations are defined as activities occurring during, and included in the budget for, the upcoming fiscal year.

Note 12 - AVAILABILITY OF FINANCIAL ASSETS (Continued)

As part of the Agency's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. Although the Agency does not intend to spend from its investment funds other than amounts appropriated for general expenditures, amounts from its investment funds could be made available as necessary.

Occasionally, the Agency's board of directors designates a portion of any operating surplus for a particular purpose. The sub-total "Financial assets available to meet cash needs for general expenditures within one year before board designations" represents another liquidity total, as the board designated reserves can be changed and made available for immediate use in the event of an urgent liquidity need.

The following table represents financial assets available for general expenditures within one year as of June 30, 2019.

Financial assets as of June 30, 2019:	
Cash and cash equivalents	\$523,538
Investments	390,724
Accounts receivable, state agencies	73,210
Other receivables	<u>1,449</u>
 Total financial assets, as of June 30, 2019	 988,921
Less amounts unavailable for general expenditures within one year, due to contractual or donor imposed restrictions:	
Purpose restricted net assets	(35,816)
Funds held in perpetuity	<u>(28,275)</u>
 Financial assets available to meet cash needs for general expenditures within one year before board designations:	 924,830
 Less board designations	 <u>(168,927)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$755,903</u>

Note 13 - ECONOMIC DEPENDENCY

The Agency receives monies for reimbursement of daily child-care costs. The child-care reimbursement consists of state funding received through the Louisiana Department of Social Services under Title IV B and E (Administration for Children, Youth, and Families - Child Welfare Research and Demonstration). These payments are considered payments for services as opposed to a grant award. The total amounts received, net of clothing and personal needs allowances, for the years ended June 30, 2019 and 2018 were \$741,381 and \$678,869, respectively.

Reimbursements are determined based on a child-care day rate. Beginning November 1, 2017, Level 1 and Level 2 care will be provided at a day rate of \$148.44 and \$196.68, respectively. The allowances for clothing and personal needs for ages 12 and under are \$2.46 and \$0.99, respectively, and ages 13 and over are \$2.68 and \$1.56, respectively, per child-care day. The Agency maintains records on a daily basis for each child in attendance at the Agency. The child-care days were 4,210 for both the years ended June 30, 2019 and 2018. If significant budget cuts are made at the federal and/or state level, the amount of support the Agency receives could be reduced significantly and have an adverse impact on its operations.

Note 14 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through December 26, 2019, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION SECTION

INDEPENDENT AUDITOR'S REPORT
ON ADDITIONAL INFORMATION

To the Board of Directors.

MacDonell United Methodist Children's Services, Inc.,
Houma, Louisiana.

Our report on our audits of the financial statements of MacDonell United Methodist Children's Services, Inc., (the "Agency"), for the years ended June 30, 2019 and 2018, appears on pages 1 and 2. The audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The information contained in the Schedule of Revenues and Expenses and Graphs of Revenues and Expenses for the years ended June 30, 2019 and 2018 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements for the year ended June 30, 2019 and 2018, taken as a whole.

We also have previously audited, 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, the statement of financial position of MacDonell United Methodist Children's Services, Inc., as of June 30, 2017, and the related statement of activities for the year ended June 30, 2017 (none of which is presented herein), and we expressed an unmodified opinion on those financial statements. In our opinion, the information presented in the Schedule of Revenues and Expenses and Graphs of Revenues and Expenses for the year ended June 30, 2017 is fairly stated in all material respects in relation to the financial statements from which it has been derived.

The accompanying Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer for the year ended June 30, 2019 is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
December 26, 2019.

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

MacDonell United Methodist Children's Services, Inc.
Houma, Louisiana

For the year ended June 30, 2019

Agency Head Name: Kevin Champagne, Executive Director

Purpose

Salary	\$ 78,551
Benefits - insurance	3,805
Benefits - retirement	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	1,034
Registration fees	750
Conference travel	-
Continuing professional education fees	-
Housing*	16,380
Unvouchered expenses	-
Meals	-
	<hr/>
	\$ 100,520

*Estimated benefit received from required on-campus residence.

SCHEDULE OF REVENUES AND EXPENSES**MacDonell United Methodist Children's Services, Inc.**
Houma, Louisiana

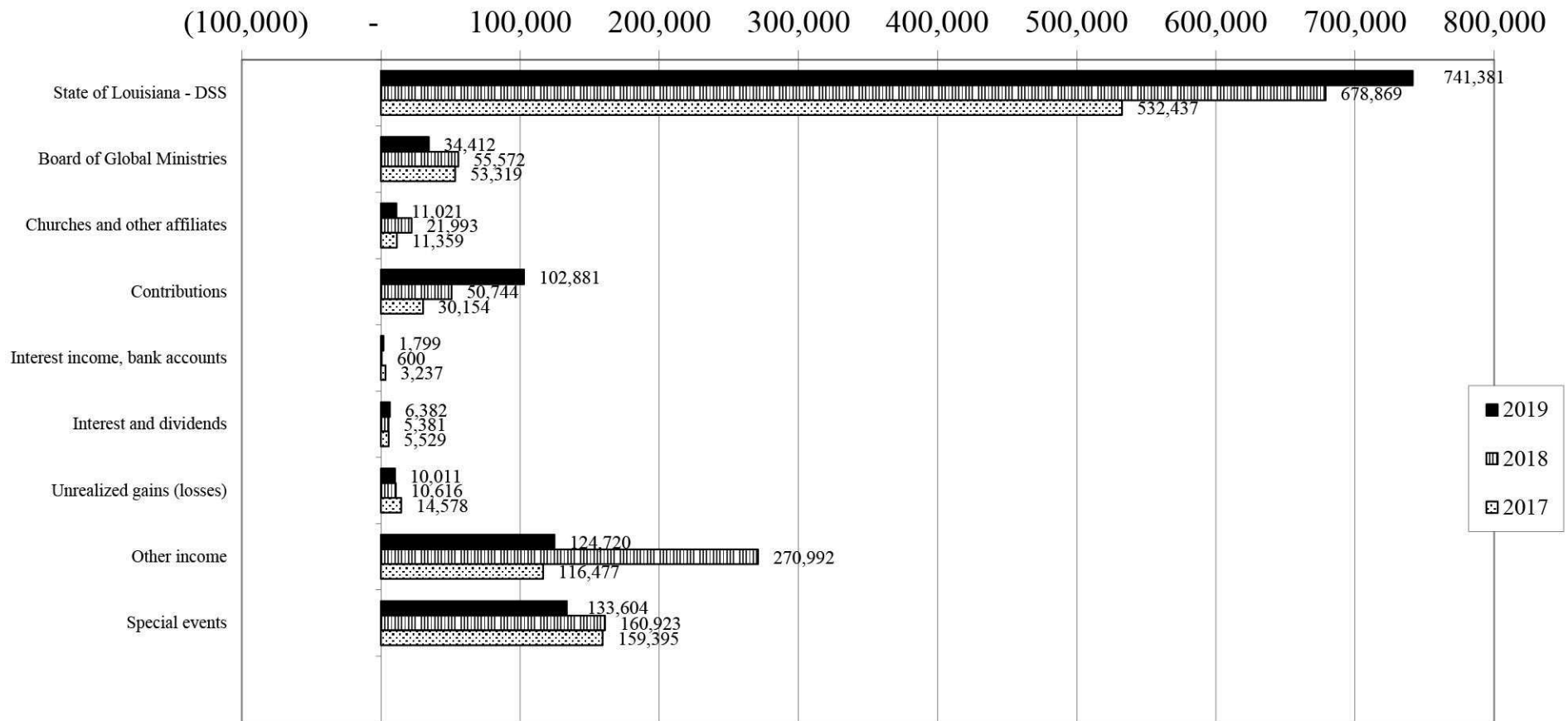
For the three years ended June 30, 2019, 2018, and 2017

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Revenues			
State of Louisiana - DSS	\$ 741,381	\$ 678,869	\$ 532,437
Board of Global Ministries	34,412	55,572	53,319
Churches and other affiliates	11,021	21,993	11,359
Contributions	102,881	50,744	30,154
Interest income, bank accounts	1,799	600	3,237
Investment income, interest and dividends	6,382	5,381	5,529
Investment income, unrealized gains	10,011	10,616	14,578
Other income	124,720	270,992	116,477
Special events	133,604	160,923	159,395
	<u>133,604</u>	<u>160,923</u>	<u>159,395</u>
Total revenues	<u>\$ 1,166,211</u>	<u>\$ 1,255,690</u>	<u>\$ 926,485</u>
Expenses			
Salaries	\$ 531,092	\$ 518,965	\$ 490,301
Payroll taxes	41,854	38,902	38,628
Building and grounds maintenance	19,081	31,994	18,917
Depreciation	43,133	43,656	47,499
Food and beverage	74,618	57,864	52,860
Insurance	86,840	83,899	90,612
Other expenses	101,911	85,497	84,196
Professional services	52,647	79,889	45,571
Supplies	11,997	11,819	12,406
Utilities	37,960	40,068	35,172
Volunteer Gala	17,188	8,731	6,078
	<u>17,188</u>	<u>8,731</u>	<u>6,078</u>
Total expenses	<u>\$ 1,018,321</u>	<u>\$ 1,001,284</u>	<u>\$ 922,240</u>

REVENUES

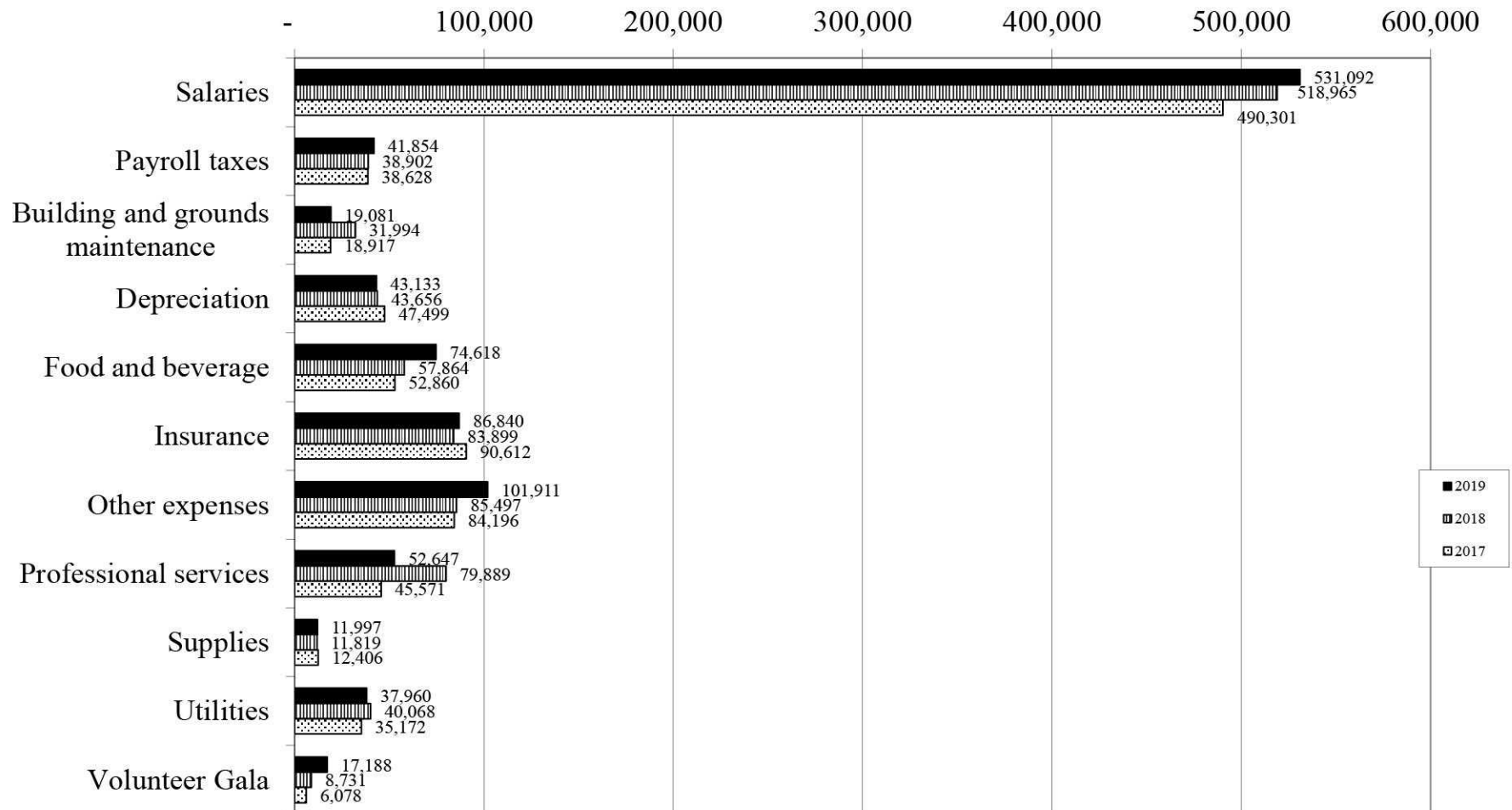
MacDonell United Methodist Children's Services, Inc.
Houma, Louisiana

For the three years ended June 30, 2019, 2018, and 2017



EXPENSES**MacDonell United Methodist Children's Services, Inc.**
Houma, Louisiana

For the three years ended June 30, 2019, 2018, and 2017



SPECIAL REPORTS 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**

To the Board of Directors,
MacDonell United Methodist Children's Services, Inc.,
Houma, Louisiana.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of MacDonell United Methodist Children's Services, Inc. (the "Agency") a nonprofit organization, which comprise the statement of Financial Position as of June 30, 2019, and the related Statement of Activities, and Cash Flows for the year then ended, and the related notes to the financial statements and have issued our report thereon December 26, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency'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 the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 over financial reporting 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of 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 and in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

A handwritten signature in black ink that reads "Bougeois Bennett, L.L.C." in a cursive script.

Certified Public Accountants.

Houma, Louisiana,
December 26, 2019.

SCHEDULE OF FINDINGS AND RESPONSES

MacDonell United Methodist Children's Services, Inc. Houma, Louisiana

For the year ended June 30, 2019

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be a material weakness? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

b) Federal Awards

MacDonell United Methodist Children's Services, Inc. did not expend federal awards in excess of \$750,000 during the year ended June 30, 2019 and therefore is exempt from the audit requirements under a single audit under *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Section II Financial Statement Findings

No financial statement findings were noted during the audit of the financial statements for the year ended June 30, 2019.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

MacDonell United Methodist Children's Services, Inc. Houma, Louisiana

For the year ended June 30, 2019

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were reported during the audit of the financial statements for the year ended June 30, 2018.

No reportable conditions were reported during the audit of the financial statements for the year ended June 30, 2018.

Compliance

No compliance findings material to the financial statements were noted during the audit of the financial statements for the year ended June 30, 2018.

Section II Internal Control and Compliance Material to Federal Awards

MacDonell United Methodist Children's Services, Inc. did not expend federal awards in excess of \$750,000 during the year ended June 30, 2018 and therefore is exempt from the audit requirements under a single audit under *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Section III Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2018.

MANAGEMENT'S CORRECTIVE ACTION PLAN

MacDonell United Methodist Children's Services, Inc. Houma, Louisiana

For the year ended June 30, 2019

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were reported during the audit of the financial statements for the year ended June 30, 2019.

No significant deficiencies were reported during the audit of the financial statements for the year ended June 30, 2019.

Compliance

No compliance findings material to the financial statements were noted during the audit of the financial statements for the year ended June 30, 2019.

Section II Internal Control and Compliance Material to Federal Awards

MacDonell United Methodist Children's Services, Inc. did not expend federal awards in excess of \$750,000 during the year ended June 30, 2019 and therefore is exempt from the audit requirements under a single audit under *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Section III Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2019.