

FAMILIES HELPING FAMILIES
OF SOUTHEAST LOUISIANA, INC.
NEW ORLEANS, LOUISIANA
FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2020 AND 2019
AND SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED
JUNE 30, 2020



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Families Helping Families of Southeast Louisiana, Inc. (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2020 and 2019, 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.

Auditors' Responsibility

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

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

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



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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Families Helping Families of Southeast Louisiana, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2021 on our consideration of Families Helping Families of Southeast Louisiana, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Families Helping Families of Southeast Louisiana, Inc.'s internal control over financial reporting and compliance.

January 29, 2021
Mandeville Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

| | 2020 | 2019 |
|--|------------|-----------|
| <u>ASSETS</u> | | |
| <u>CURRENT ASSETS:</u> | | |
| Cash and cash equivalents | \$ 146,122 | \$ 13,724 |
| Grants receivable | - | 22,224 |
| Prepaid expenses and other current assets | 7,741 | 4,859 |
| Total current assets | 153,863 | 40,807 |
| <u>PROPERTY AND EQUIPMENT, NET</u> | | |
| | 852 | 2,412 |
| Total assets | \$ 154,715 | \$ 43,219 |
| <u>LIABILITIES</u> | | |
| <u>CURRENT LIABILITIES:</u> | | |
| Accounts payable and accrued expenses | 1,502 | \$ 10,083 |
| Accrued payroll liabilities | 567 | 18,480 |
| Current portion of long-term debt | 3,533 | - |
| Total current liabilities | 5,602 | 28,563 |
| <u>LONG-TERM LIABILITIES:</u> | | |
| Line of credit | 62,498 | 34,839 |
| Long-term debt, net current portion | 102,467 | - |
| PPP loan | 48,240 | - |
| Total long-term liabilities | 213,205 | 34,839 |
| Total liabilities | 218,807 | 63,402 |
| <u>NET ASSETS (DEFICIT):</u> | | |
| Net assets (deficit) without donor restriction | (64,092) | (20,183) |
| Total net assets (deficit) | (64,092) | (20,183) |
| Total liabilities and net assets (deficit) | \$ 154,715 | \$ 43,219 |

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|--|------------------------|------------------------|
| <u>REVENUE, GAINS, AND</u> | | |
| <u>OTHER SUPPORT:</u> | | |
| Grants and contracts | \$ 289,669 | \$ 342,949 |
| Contributions and donations | 43,144 | 43,487 |
| Other income | <u>20,712</u> | <u>13,558</u> |
| Total revenue | <u>353,525</u> | <u>399,994</u> |
| <u>EXPENSES:</u> | | |
| Program services: | | |
| Information and education | 292,763 | 335,326 |
| Supporting services: | | |
| Management and general | 78,833 | 79,661 |
| Fundraising | <u>25,838</u> | <u>19,082</u> |
| Total expenses | <u>397,434</u> | <u>434,069</u> |
| <u>CHANGE IN NET ASSETS</u> | (43,909) | (34,075) |
| Net assets (deficit) without donor restrictions - beginning of year | <u>(20,183)</u> | <u>13,892</u> |
| Net assets (deficit) without donor restrictions - end of year | <u>\$ (64,092)</u> | <u>\$ (20,183)</u> |

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|------------------|
| <u>CASH FLOWS FROM (USED FOR) OPERATING</u> | | |
| <u>ACTIVITIES:</u> | | |
| Change in net assets | \$ (43,909) | \$ (34,075) |
| Adjustments to reconcile change in net assets to net cash from operating activities: | | |
| Depreciation | 967 | 1,713 |
| Loss on disposition of assets | 1,468 | - |
| Changes in operating assets and liabilities: | | |
| Grants receivable | 22,224 | (1,352) |
| Prepaid expenses and other current assets | (2,882) | (8) |
| Accounts payable and accrued expenses | (9,382) | 3,641 |
| Deferred revenue | - | (55,000) |
| Accrued payroll liabilities | <u>(17,113)</u> | <u>8,174</u> |
| Net cash (used for) operating activities | <u>(48,627)</u> | <u>(76,907)</u> |
| <u>CASH FLOWS (USED FOR) INVESTING ACTIVITIES:</u> | | |
| Purchases of property and equipment | <u>(874)</u> | <u>(1,810)</u> |
| Net cash (used for) investing activities | <u>(874)</u> | <u>(1,810)</u> |
| <u>CASH FLOWS (USED FOR) FINANCING ACTIVITIES:</u> | | |
| Net advances on line of credit | 27,659 | 34,839 |
| Proceeds from issuance of long-term debt | 106,000 | - |
| Proceeds from PPP loan | <u>48,240</u> | <u>-</u> |
| Net cash from financing activities | <u>181,899</u> | <u>34,839</u> |
| Net (decrease) in cash and cash equivalents | 132,398 | (43,878) |
| Cash and cash equivalents, beginning of year | <u>13,724</u> | <u>57,602</u> |
| Cash and cash equivalents, end of year | <u>\$ 146,122</u> | <u>\$ 13,724</u> |

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

| | <u>Program Services</u> | <u>Supporting Services</u> | | |
|---------------------------|-------------------------|----------------------------|--------------------|-------------------|
| | <u>Information</u> | <u>Management</u> | <u>Fundraising</u> | <u>Total</u> |
| | <u>and Education</u> | <u>and General</u> | | |
| Expenses: | | | | |
| Personnel costs | \$ 233,188 | \$ 17,552 | \$ 4,326 | \$ 255,066 |
| Contract services | 11,965 | 6,096 | 4,515 | 22,576 |
| Travel and lodging | 1,542 | 549 | 398 | 2,489 |
| Printing | 152 | 23 | 3,831 | 4,006 |
| Office supplies | 4,488 | 1,407 | 803 | 6,698 |
| Postage | 27 | 3 | - | 30 |
| Telephone | 8,755 | 659 | - | 9,414 |
| Depreciation | 903 | 64 | - | 967 |
| Loan and interest | 4,063 | - | - | 4,063 |
| Conferences and Workshops | 7,708 | 17,833 | - | 25,541 |
| Other expense | 19,972 | 34,647 | 11,965 | 66,584 |
| | <u>19,972</u> | <u>34,647</u> | <u>11,965</u> | <u>66,584</u> |
| Total functional expenses | <u>\$ 292,763</u> | <u>\$ 78,833</u> | <u>\$ 25,838</u> | <u>\$ 397,434</u> |

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

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

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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

Basis of Accounting

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

Use of Estimates

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

Cash and Cash Equivalents

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

Donated Assets and Services

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

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants Receivable

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

Property and Equipment

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

Income Taxes

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

Deferred Revenue

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

Functional Expense Allocation

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

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted and Unrestricted Revenue

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

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

Date of Management's Review

Subsequent events have been evaluated through January 29, 2021, which is the date the financial statements were available to be issued.

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of June 30, 2020 and 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

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

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|------------------|
| Financial assets at year-end | \$ 153,863 | \$ 40,807 |
| Less those unavailable for general expenditure within one year due to: | | |
| Restricted Investments | - | - |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 153,863</u> | <u>\$ 40,807</u> |

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

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

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

The Organization maintains its cash balances in local financial institutions that may at times exceed amounts covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization's cash balances were not in excess of the FDIC insurance as of June 30, 2020 or 2019. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

(4) GRANTS RECEIVABLE

The Organization has the following amounts receivable from grants at June 30, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|---------------------------------------|-------------|------------------|
| Metropolitan Health Services District | \$ - | \$ 17,274 |
| Adam Hawf | - | 1,500 |
| F2FHIC | - | 2,100 |
| FHF of Greater Baton Rouge | - | 500 |
| Gambel Communication | - | 500 |
| Lacan | - | 350 |
| | <u>\$ -</u> | <u>\$ 22,224</u> |

As of June 30, 2019 amounts owed from the Metropolitan Health Services District, the Louisiana Department of Education and the Louisiana Developmental Disabilities Council represented 78% of receivables. This amount represented a significant concentration of credit risk. As of June 30, 2020, there were no amounts receivable.

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020 AND 2019

(5) PROGRAM GRANTS

The Organization was established to provide informational support and educational services to area families who have family members with special needs. A substantial portion of the Organization's support and revenue is derived from grants for the programs conducted. The various grants are approved on a year-to-year basis. Any unexpended grant funds or unauthorized expenditures must be refunded. The Organization received approximately 48% and 85% of its revenue from these grant programs for the years ended June 30, 2020 and 2019, respectively.

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

(6) THIRD-PARTY REVENUES

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

(7) PROPERTY AND EQUIPMENT

As of June 30, 2020 and 2019, property and equipment consisted of the following:

| | <u>2020</u> | <u>2019</u> |
|--------------------------------|-----------------|-----------------|
| Furniture and Fixtures | \$ 12,399 | \$ 15,265 |
| Computers | 22,258 | 21,016 |
| Less: accumulated depreciation | <u>(33,805)</u> | <u>(33,869)</u> |
| Property and equipment, net | <u>\$ 852</u> | <u>\$ 2,412</u> |

Depreciation expense for the years ended June 30, 2020 and 2019 was \$967 and \$1,713, respectively.

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

(8) LONG-TERM DEBT

The Organization has long-term debt as follows at June 30th:

| | 2020 | 2019 |
|---|------------|------|
| On June 27, 2020, the Organization entered into a promissory note with the Small Business Association payable in 360 monthly payments of \$453, with an annual rate of 2.75%, due on June 27, 2050. | \$ 106,000 | \$ - |
| On April 12, 2020 the Organization received the Paycheck Protection Program forgivable loan of \$48,240 in response to COVID-19 relief efforts. The loan accrues interest at 1% and matures on April 12, 2022. The loan and accrued interest are forgivable if used in accordance with the program terms. | 48,240 | - |
| Total long-term debt | 154,240 | - |
| Less: current portion | (3,533) | (-) |
| | \$ 150,707 | \$ - |

The maturities of long-term debt at June 30, 2020 are as follows:

| | |
|------------|------------|
| 2021 | \$ 3,533 |
| 2022 | 3,533 |
| 2023 | 3,533 |
| 2024 | 3,533 |
| 2025 | 3,533 |
| Thereafter | 136,575 |
| | \$ 154,240 |

There was no interest expense and fees incurred on long-term for the years ended June 30, 2020 and 2019, respectively.

(9) OFFICE LEASE

On July 1, 2018 the Organization entered into a lease agreement through June 30, 2021 with the Orleans Parish School Board. The agreement stipulated that the building would be given in exchange for services provided by the Organization. The FMV of the rent was \$30,688 for the years ended June 30, 2020 and 2019, respectively. This equaled the FMV of the services provided by the Organization.

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

(10) LINE OF CREDIT

The Organization has a line of credit agreement with a bank of \$75,000. The balance on the line of credit was \$67,498 at June 30, 2020 and \$34,839 at June 30, 2019. The line bears interest at the bank's prime lending rate plus 2.75%, 8.25% as of June 30, 2020. The line is due on March 2, 2023.

Interest costs incurred on the line of credit and charged to expense as of December 31, 2020 and 2019 totaled \$4,063 and \$2,874, respectively.

(11) RISKS AND UNCERTAINTY

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) was discovered in China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. The future effects of these issues are unknown.

(12) NEW ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2016-02, "*Leases*." This Update seeks to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and by disclosing key information about leasing arrangements. Deferring the effective date of Update No. 2016-02, the FASB has issued Update No. 2019-10, "*Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Lease (Topic 842)*." Update No. 2019-10 permits entities to apply the guidance in Update No. 2016-02 to annual reporting periods beginning after December 15, 2020, and to interim reporting periods within annual reporting periods beginning after December 15, 2021. The FASB further delayed the implementation date by one year through ASU 2020-05 "*Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*." Entities may now apply the guidance in Update No. 2016-02 to annual reporting periods beginning after December 15, 2021, and to interim reporting periods within annual reporting periods beginning after December 15, 2022. Families Helping Families of Southeast Louisiana plans to adopt this Update as applicable by the effective date.

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

(12) NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The FASB has issued Update No. 2014-09, “*Revenue from Contracts with Customers*.” The core principle of this Update is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this core principle, the guidance provides that an entity should apply the following steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, the entity satisfies a performance obligation. Deferring the effective date of the amendments in Update No. 2014-09, the FASB has issued Update No. 2015-14, “*Revenue from Contracts with Customers - Deferral of the Effective Date*.” Update No. 2015-14 permits entities to apply the guidance in Update No. 2014-09 to annual reporting periods beginning after December 15, 2018, and to interim reporting periods within annual reporting periods beginning after December 15, 2019. The FASB further delayed the implementation date by one year through ASU 2020-05 “*Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*.” Entities may now apply the guidance in Update No. 2014-09 to annual reporting periods beginning after December 15, 2019, and to interim reporting periods within annual reporting periods beginning after December 15, 2020. Families Helping Families of Southeast Louisiana plans to adopt this Update as applicable by the effective date.

In 2019, Families Helping Families of Southeast Louisiana retrospectively adopted FASB ASU No. 2016-18, “*Statement of Cash Flows (Topic 230): Restricted Cash*”. The amendments in this update require that a statement of cash flows explain the change during the period in total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. 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 statements of cash flows.

In 2019, Families Helping Families of Southeast Louisiana adopted FASB ASU No. 2018-08, “*Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*”. The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Adoption of ASU No. 2018-08 did not have a significant impact on Families Helping Families of Southeast Louisiana’s financial statements.

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.
SCHEDULE OF COMPENSATION, BENEFITS , AND OTHER PAYMENTS TO AGENCY
HEAD
FOR THE YEAR ENDED JUNE 30, 2020

| | Executive Director Aisha Johnson |
|--------------|-------------------------------------|
| | <hr/> |
| Time served | 7/1/2019 through 6/30/2020 |
| Salary | \$ <u>47,000</u> |
| Total | \$ <u>47,000</u> |



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Families Helping Families of Southeast Louisiana, Inc., which comprise the statement of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated January 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Families Helping Families of Southeast Louisiana, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Families Helping Families of Southeast Louisiana, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Families Helping Families of Southeast Louisiana, Inc.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a significant deficiency.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

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

The Organization’s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Families Helping Families of Southeast Louisiana, Inc.’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

January 29, 2021
Mandeville, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2020

SECTION I SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Families Helping Families of Southeast Louisiana, Inc.
2. One significant deficiency was reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Families Helping Families of Southeast Louisiana, Inc., was required to be reported in accordance with *Government Auditing Standards*.
4. A management letter was not issued for the year ended June 30, 2020.

SECTION II FINANCIAL STATEMENT FINDINGS

2020-001: Significant Deficiency-Accounts not reconciled accurately or reviewed properly

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

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

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

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

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

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

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS**

2019-001: Instance of Noncompliance-Report not filed in accordance with *Government Auditing Standards*

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

This issue has been resolved and has not been repeated as an internal control and compliance matter item for the year ended June 30, 2020.

SECTION II MANAGEMENT LETTER

N/A

January 29, 2021

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

We have audited the financial statements of Families Helping Families of Southeast Louisiana, Inc. for the years ended June 30, 2020 and 2019, and have issued our report thereon dated January 29, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 11, 2020. Professional standards also require that we communicate to you the following related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Families Helping Families of Southeast Louisiana, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the functional allocation of expenses is based on specific identification. Management's estimate of the depreciation expense is based on historical information regarding asset life and usefulness. We evaluated the key factors and assumptions used to develop the functional allocation of expenses and to calculate depreciation expense in determining that it is reasonable in relation to the financial statements as a whole.

The financial statement disclosures are neutral, consistent, and clear.



To the Board of Directors of
Families Helping Families of Southeast Louisiana, Inc.
January 29, 2021
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Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 29, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors of
Families Helping Families of Southeast Louisiana, Inc.
January 29, 2021
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Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Families Helping Families of Southeast Louisiana, Inc. auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Families Helping Families of Southeast Louisiana, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Ericksen Krentel, LLP
Certified Public Accountants

FAMILIES HELPING FAMILIES OF SOUTHEAST LOUISIANA, INC.
MANAGEMENT'S CORRECTIVE ACTION PLANS – MANAGEMENT LETTER ITEMS
FOR THE YEAR ENDED DECEMBER 31, 2019

February 20, 2020

Louisiana Legislative Auditor

Families Helping Families of Southeast Louisiana, Inc., Inc. respectfully submits the following corrective action plan for the year ended June 30, 2019.

Name and address of independent public accounting firm:

Ericksen Krentel, L.L.P.
2895 Highway 190, Ste 213
Mandeville, LA 70471

Audit Period: 07/01/2018 to 6/30/2019

SECTION II FINANCIAL STATEMENT FINDINGS

2019-001 Accounts not reconciled accurately or reviewed properly

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

Management's Response: Management intends to obtain additional training for the bookkeeper and executive director so they can know where to look for errors when preparing and reviewing account reconciliations and general ledger entries.

2019-002 Accounts not reconciled accurately or reviewed properly

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

Management's Response: Management intends on engaging the auditor to begin the next audit report months before December 31, 2020.

If there are any questions regarding this plan, please contact Aisha Johnson, Executive Director, at (504) 943-0343.

Sincerely,

Aisha Johnson

Signature

Executive Director

Title