

**CLAIBORNE CHURCH OF GOD, INC.**  
**(dba Family Church)**

*Financial Statements*  
*For the Years Ended June 30, 2021 and 2020*



**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Claiborne Church of God, Inc.  
West Monroe, Louisiana

I have audited the accompanying financial statements of Claiborne Church of God, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, 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**

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits 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. Those standards require that I 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



Board of Directors  
Claiborne Church of God, Inc.

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

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Claiborne Church of God, Inc. as of June 30, 2021 and 2020, 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**

#### Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the accompanying other financial information consisting of the schedule of compensation, reimbursements, 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 my 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*, I have also issued my report dated December 27, 2021, on my consideration of Claiborne Church of God, Inc.'s internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Claiborne Church of God, Inc.'s internal control over financial reporting and compliance.

Maxwell CPA, LLC

Monroe, Louisiana  
December 27, 2021

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**STATEMENTS OF FINANCIAL POSITION**

	June 30,	
	2021	2020
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ 3,206,485	\$ 3,025,560
Certificates of Deposit	790,911	532,031
Accounts Receivable	27,732	52,048
Accounts Receivable - Grant Funds	143,009	73,096
Land, Buildings and Equipment, Net	8,465,272	7,844,716
<b><u>TOTAL ASSETS</u></b>	<b>\$ 12,633,409</b>	<b>\$ 11,527,451</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Liabilities</u></b>		
Accounts Payable	\$ 99,622	\$ 36,423
Payroll Taxes Payable	3,248	19,428
Deferred Income	79,082	86,026
Total Liabilities	181,952	141,877
Notes Payable - PPP	-	782,184
<b><u>Net Assets</u></b>		
Without Donor Restrictions		
Undesignated	1,919,662	982,208
Board Designated	1,993,402	1,919,247
Net Investment in Property and Equipment	8,465,272	7,844,716
With Donor Restrictions		
Restricted for Church Programs	73,121	150,862
Total Net Assets	12,451,457	10,897,033
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b>\$ 12,633,409</b>	<b>\$ 11,821,094</b>

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

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**STATEMENTS OF ACTIVITIES**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals Years Ended June 30,</u>	
			<u>2021</u>	<u>2020</u>
<b><u>Revenues and Other Support:</u></b>				
Family Church Revenue	\$ 2,678,352	\$ 217,081	\$ 2,895,433	\$ 2,648,904
Claiborne Christian School	2,113,188	-	2,113,188	1,909,070
Claiborne Christian School Sports	173,701	-	173,701	153,136
CCS Preschool	1,500,894	-	1,500,894	1,130,214
CCS K4	592,266	-	592,266	594,968
Cafeteria	580,718	-	580,718	437,472
Grants	-	-	-	-
Other Income - Extinguishment of Debt	782,184	-	782,184	-
Interest Income	13,751	-	13,751	10,830
Net Assets Released From Restrictions - Satisfaction of Program Restrictions	294,822	(294,822)	-	-
<b>Total Revenues and Other Support</b>	<b>8,729,876</b>	<b>(77,741)</b>	<b>8,652,135</b>	<b>6,884,594</b>
<b><u>Expenses</u></b>				
Family Church	2,798,085	-	2,798,085	2,928,422
Claiborne Christian School	2,136,664	-	2,136,664	2,068,459
Claiborne Christian K4	607,176	-	607,176	557,556
Claiborne Christian Preschool	869,443	-	869,443	945,869
Claiborne Christian Cafeteria	392,700	-	392,700	401,391
<b>Total Expenses</b>	<b>6,804,068</b>	<b>-</b>	<b>6,804,068</b>	<b>6,901,697</b>
<b><u>Increase in Net Assets</u></b>	<b>1,925,808</b>	<b>(77,741)</b>	<b>1,848,067</b>	<b>(17,103)</b>
<b><u>Net Assets at Beginning of Year</u></b>	<b>10,452,528</b>	<b>150,862</b>	<b>10,603,390</b>	<b>10,620,493</b>
<b><u>NET ASSETS AT END OF YEAR</u></b>	<b><u>\$12,378,336</u></b>	<b><u>\$ 73,121</u></b>	<b><u>\$12,451,457</u></b>	<b><u>\$10,603,390</u></b>

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

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**STATEMENT OF FUNCTIONAL EXPENSES**

	Church	School	K4	Preschool	Cafeteria	Years Ended June 30,	
						2021	2020
Salaries	\$1,151,908	\$ 1,124,514	\$ 415,857	\$ 608,777	\$ 136,679	\$3,437,735	\$3,657,865
Payroll Taxes	46,002	72,201	29,339	57,104	9,274	213,920	212,591
Employee Benefits	142,141	192,481	32,850	59,423	12,761	439,656	413,138
Advertising	7,777	7,000	3,669	6,716	-	25,162	25,689
Professional Fees	15,061	-	-	-	-	15,061	17,941
Training	-	43,653	2,366	30,539	156	76,714	60,116
Insurance	70,565	5,170	1,763	4,016	5,310	86,824	85,047
Supplies	52,450	106,418	16,699	19,897	228,520	423,984	469,475
Credit Card Fees	20,403	14,144	-	14,144	-	48,691	41,204
Meetings	11,812	-	-	-	-	11,812	10,266
Postage	3,730	1,022	-	980	-	5,732	7,531
Printing	15,534	-	971	-	-	16,505	19,123
Office	13,919	18,847	-	5,921	-	38,687	41,414
Missions	76,026	-	-	-	-	76,026	87,246
Ministries	353,923	-	-	-	-	353,923	290,769
Repairs and Maintenance	85,503	16,345	48,615	29,454	-	179,917	146,573
Lunches	-	-	-	-	-	-	44,595
Miscellaneous	-	20,295	-	-	-	20,295	15,674
Music	-	1,976	-	-	-	1,976	892
Student Activities	-	8,302	1,450	-	-	9,752	5,721
Athletics	-	153,923	-	-	-	153,923	134,118
Utilities	64,533	18,020	53,597	32,472	-	168,622	177,528
Designated Programs	400,704	69,453	-	-	-	470,157	500,651
Loss on Disposal	-	85,504	-	-	-	85,504	8,738
Depreciation Expense	266,094	177,396	-	-	-	443,490	427,792
<b>Total</b>	<b>\$2,798,085</b>	<b>\$ 2,136,664</b>	<b>\$ 607,176</b>	<b>\$ 869,443</b>	<b>\$ 392,700</b>	<b>\$6,804,068</b>	<b>\$6,901,697</b>

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

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**STATEMENTS OF CASH FLOWS**

	Years Ended June 30,	
	2021	2020
<b><u>Cash Flows From Operating Activities</u></b>		
Increase (Decrease) in Net Assets	\$ 1,848,067	\$ (17,103)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	443,490	427,792
Losses on Disposal of Assets	85,504	8,738
(Increase) Decrease in Accounts Receivable	24,316	8,808
(Increase) Decrease in Grant Funds Receivable	(69,913)	(11,230)
Increase (Decrease) in Accounts Payable	63,199	26,415
Increase (Decrease) in Payroll Taxes Payable	(16,180)	1,307
Increase (Decrease) in Deferred Revenue	(6,944)	11,056
Total Adjustments	523,472	472,886
Net Cash Provided by Operating Activities	2,371,539	455,783
<b><u>Cash Flows From Investing Activities</u></b>		
Purchases of Property and Equipment	(1,197,550)	(717,565)
Purchases of Certificate of Deposits	(250,000)	-
Receipts of Interest Reinvested	(8,880)	(14,573)
Proceeds from Sale of Property and Equipment	48,000	-
Net Cash Used by Investing Activities	(1,408,430)	(732,138)
<b><u>Cash Flows From Financing Activities</u></b>		
Proceeds from Long-Term Debt	-	782,184
Payroll Protection Program Loan Forgiveness	(782,184)	-
Net Cash Used by Financing Activities	(782,184)	782,184
<b><u>Net Increase (Decrease) in Cash and Cash Equivalents</u></b>	180,925	505,829
<b><u>Cash and Cash Equivalents at Beginning of Year</u></b>	3,025,560	2,519,731
<b><u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u></b>	\$ 3,206,485	\$ 3,025,560
<b>Supplemental Disclosure of Cash Flow Information</b>		
Interest Paid	\$ -	\$ -

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



**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

A. Nature of Activities

Claiborne Church of God, Inc. (DBA Family Church) was formed in February 1969 and operated as an unincorporated enterprise from its inception until January 10, 1995, at which time the enterprise was incorporated under the name Claiborne Church of God, Inc. (the Church). The Church operates Claiborne Christian School, a private school that enrolls children of pre-school age through the 12<sup>th</sup> grade.

The specific and primary purposes of the Church are:

1. The preaching of the gospel of Jesus Christ through the establishment of a local church in the West Monroe, Louisiana vicinity.
2. To preach and teach the gospel and further the cause of the Kingdom of God in the United States of America and in foreign lands.
3. To promote fellowship and means of cooperation between Christians and churches of like precious faith.
4. To promote freedom of worship and liberty of expression within the limits of its own statement of faith and doctrine, among its own ministers and members.
5. To establish and maintain churches, Bible and training schools, inaugurate and maintain charitable institutions, such as homes for the aged, rest homes for ministers and missionaries, orphanages, homes for the indigent and those bound by substance abuse, cemeteries and kindred institutions.
6. To maintain such relations with local, state, federal and foreign governments as may be necessary for the successful accomplishments of the purposes of the organization and for the welfare of the Church, ministers and members thereof.
7. To engage such employees as may be necessary to perform the duties involved in carrying on the Church's business.
8. To make bylaws for the government of the Church, and to alter, revise and amend the same at will.
9. To provide for its membership, rules of Christian conduct and discipline in accordance with the Word of God, in order to maintain purity and insure the continued progress of this assembly, (see Titus chapter 2).
10. To receive contributions, to make donations and to dispense charitable contributions through, and otherwise aid and support, those organizations qualified for exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as now in effect or subsequently amended.
11. To fulfill the Great Commission of the Church by supporting missions, both foreign and domestic, and supporting those performing the work of carrying the gospel as missionaries, both corporate and individual.

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (continued)

B. Basis of Accounting

The financial statements of the Claiborne Church of God, Inc., have been prepared on the accrual basis and, accordingly, reflect all significant receivables, payables, and other liabilities.

C. Basis of Presentation

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

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

*Net Assets With Donor Restrictions* – Net assets subject to donor or grantor-imposed restrictions. Some restrictions are temporary in nature, such as those that will be met with the passage of time or occurrence of other events. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As of June 30, 2019, the Church does not have any restrictions that are perpetual in nature.

D. Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. All items acquired before December 15, 1994 are recorded for financial reporting purposes based on the “value in use” estimate reflected in a report issued by an independent appraisal firm dated December 15, 1994. Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets using the straight-line method:

	<u>Years</u>
Buildings	40
Building Improvements	10-25
Furniture, Fixtures and Equipment	5-15

E. Contributed Services

The Church receives a substantial amount of services donated by its members in carrying out the Church’s ministry. No amounts have been reflected in the financial statements for those services.

F. Circulating Library

The Church has not capitalized its library books or broadcasting tapes since they are considered to represent either an inexhaustible collection, whose values are not readily determinable, or a circulating library with an estimated useful life of less than one year.

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (continued)

G. Noncash Donations

The Church records noncash donations at the fair market value at the date of donation.

H. Compensated Absences

Vacation time is based upon length of service to the Church and the type of employment at the Church.

12 consecutive month full-time employees:

<u>Years of Service</u>	<u>Weekly Accrual Rate</u>	<u>Maximum Accrual</u>
0-4 years	0.77 hour	60 hours
5-9 years	1.10 hour	80 hours
10-14 years	1.55 hour	100 hours
15-19 years	2.31 hours	140 hours
20 + years	3.08 hours	180 hours

Ten-month employees receive vacation during Spring Break, Christmas Break, and Summer Break. Schedule will be released on a yearly basis by the School Board.

An employee may carry forward three days of vacation from one year to the next. An accrual of vacation and sick leave compensation was considered immaterial and, therefore, unnecessary.

I. Tax Status

The Church qualifies as a tax-exempt organization under Section 501(c)(3) if the Internal Revenue Code and comparable Louisiana law, and contributions to it are tax deductible within the limitations prescribed by the Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

J. Cash & Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an initial maturity of three months or less.

K. Accounts Receivable

The direct write off method for recognizing bad debts is used. Under this method, the bad debt is charged to expense when the account is deemed to be uncollectible in the opinion of management. Uncollectible amounts for receivables are generally not significant and therefore management feels an allowance for bad debt is not necessary.

L. Deferred Income

Tuition for the upcoming school year that is paid in advance is deferred and recognized in the year it is earned.

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

Note 2 - Land, Buildings and Equipment

Land, buildings and equipment consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Furniture and Fixtures	\$ 56,078	\$ 30,482
Equipment	957,989	928,092
Improvements	1,789,832	1,699,795
Buildings	10,918,921	11,036,787
Vehicles	43,444	32,646
Land	428,074	428,074
Construction in Progress	<u>931,401</u>	<u>-</u>
Total	15,125,739	14,155,876
<u>Less: Accumulated Depreciation</u>	<u>( 6,660,467)</u>	<u>( 6,311,160)</u>
<b><u>TOTAL</u></b>	<b><u>\$ 8,465,272</u></b>	<b><u>\$ 7,844,716</u></b>

Note 3 - Financial Instruments

The Church maintains its cash accounts at multiple federally insured financial institutions. The cash accounts are insured by the Federal Deposit Insurance Corporation at each institution for up to \$250,000. At June 30, 2021 the Church has cash balances in excess of FDIC insurance limits of approximately \$1,150,000.

Note 4 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and Cash Equivalents	\$ 3,206,485
Current Value of Certificates of Deposit	
Maturing within One Year	790,911
Accounts Receivable	27,732
Grants Receivable	<u>143,009</u>
Total Liquid and Available Assets	<b><u>\$ 4,168,735</u></b>

Note 5 - Concentrations of Contributions

For the year ended June 30, 2021, five families accounted for approximately 30.36% of total contributions. These five families accounted for approximately 25.01% of total contributions for the year ended June 30, 2020.

Note 6 - Louisiana Nonpublic Schools Early Childhood Development Program

The School participates in the Louisiana Nonpublic Schools Early Childhood Development Program. The Program is intended to provide at-risk four-year-old children access to high quality, developmentally appropriate prekindergarten classes, and before- and after-school enrichment activities, in either a nonpublic school or "Class A" daycare setting. For the years ended June 30, 2021 and 2020, the School received \$380,140 and \$415,406 respectively in funding for its K4 program.

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

Note 7 - Louisiana Department of Education Scholarships for Educational Excellence

The School participates in the Louisiana Department of Education Scholarships for Educational Excellence Program. During the fiscal year 2021 the School had 59 children who received vouchers totaling \$ 367,766. During the fiscal year 2020 the School had 61 children who received vouchers totaling \$352,736.

Note 8 - National School Lunch Program

The School participates in the National School Lunch Program. The Program is intended to reimburse participating public and nonprofit private schools, of high school grade and under and residential childcare institutions, for breakfasts and lunches, meeting the nutritional requirements prescribed by the Secretary of Agriculture, served to eligible children. For the years ended June 30, 2021 and 2020, the School received \$570,696 and \$331,120, respectively in funding for its lunch program.

Note 9 - Louisiana Child Care Assistance Provider (LaCAP)

The School received a grant from the Louisiana Department of Education to ensure that families who are returning to work are able to find child care options for their children. This grant will help support the early childhood field to rehabilitate after COVID-19 and continue offering high-quality care that help to prepare children for kindergarten. For the years ended June 30, 2021 and 2020, the School received \$202,500 and \$112,500, respectively in funding for its child care assistance program.

Note 10 - Emergency Assistance for Non-Public Schools Program (EANS)

The School received a grant from the Louisiana Department of Education to help with the additional costs that the school has incurred because of the COVID-19 pandemic. For the year ended June 30, 2021, the School received \$73,251 through the EANS program.

Note 11 - Extinguishment of Debt – PPP

During the spring of 2020, the Church received a loan through the Paycheck Protection Program. The loan in the amount of \$782,184 was used to pay salaries and benefits to employees as well as utilities. The loan was completely forgiven during the 2021 fiscal year and the income was recorded in other income as an extinguishment of debt.

Note 12 - Donor Restricted Net Assets

Contributions that are restricted by the donor are reported as increases in undesignated net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Net assets released from donor restrictions by incurring expenses satisfying the restriction specified by the donor were as follows:

Church Programs      \$ 294,822

Note 13 - Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

Note 14 - Contingencies

The Church is a defendant in a lawsuit arising in the ordinary course of business. As of June 30, 2021, it is not possible to determine if there is a loss potential or what that amount might be. In the opinion of management, the lawsuit will not have a material adverse effect upon the Church's business, financial position, results of operations, or cash flows.

Note 15 - Leases

Operating Leases – The Church is a party to the following operating leases:

The Church has annual operating lease agreements for the following office equipment:

- Konica Copiers. Monthly lease payments of \$769 for 36 months beginning in July 2019.
- Pitney Bowes mailing machine and scales. Monthly payments are \$79 for 51 months beginning on July 1, 2020.
- KMBS Bizhub Copier. Monthly lease payments of \$371 for 48 months beginning on July 1, 2020.

Minimum future rental payments under non-cancelable operating leases as of June 30, 2021, are as follows:

<u>June 30,</u>	<u>Amount</u>
2022	\$ 14,628
2023	5,400
2024	5,400
2025	<u>237</u>
Total	<u>\$ 25,665</u>

Note 16 - Subsequent Events

Subsequent to June 30, 2021, the Church purchased approximately 4.7 acres of land with the intent of relocating its preschool. The board has approved the hiring of an architect and beginning the process of building a new preschool.

Subsequent events have been evaluated through December 27, 2021, the date that the financial statements were available to be issued. All subsequent events determined to be relevant and material to the financial statements have been appropriately recorded or disclosed.

**OTHER SUPPLEMENTAL INFORMATION –**  
**GRANT INFORMATION**

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<u>Federal Grants/Pass Through Grantor/Program Title</u>	<u>AL Number</u>	<u>Agency or Pass - Through Number</u>	<u>Program or Award Amount</u>	<u>Expenditures</u>
United States Department of Agriculture Summer Food Service Program for Children	10.559	Louisiana Dept of Education Division of Nutrition Support	\$ 570,696	* \$ 570,696
Department of the Treasury Coronavirus Relief Fund	21.019	Louisiana Dept of Education	202,500	202,500
Coronavirus Relief Fund	21.019	Childrens Coalition for Northeast Louisiana	24,628	24,628
Coronavirus Relief Fund	21.019	Louisiana Dept of Education	73,251	73,251

\*Denotes Major Federal Assistance Program.

See accompanying Notes to Schedule of Expenditures of Federal Awards.



**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**NOTES TO SCHEDULE OF EXPENDITURES**  
**OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

1. **General**

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Claiborne Church of God, Inc. All federal award programs received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

2. **Basis of Accounting**

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

3. **Federal Indirect Cost Rate**

Claiborne Church of God, Inc. did not elect to use the 10% de minimis federal indirect cost rate for the year ended June 30, 2021.



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

Board of Directors of  
Claiborne Church of God, Inc.

I 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 Claiborne Church of God, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated December 27, 2021.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Claiborne Church of God, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Claiborne Church of God, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of Claiborne Church of God, Inc.'s internal control.

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

My consideration of the 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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as 2021-01 that I consider to be a significant deficiency.



Board of Directors of  
Claiborne Church of God, Inc.

### **Compliance and Other Matters**

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

### **Claiborne Church of God, Inc.'s Response to Findings**

The Church's response to the finding identified in my audit is described in the accompanying schedule of findings and responses. The Church's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

### **Purpose of this Report**

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

*Maxwell CPA, LLC*

Monroe, Louisiana  
December 27, 2021



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors of  
Claiborne Church of God, Inc.

**Report on Compliance for Each Major Federal Program**

I have audited Claiborne Church of God, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Claiborne Church of God, Inc.'s major federal programs for the year ended June 30, 2021. Claiborne Church of God, Inc.'s major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

My responsibility is to express an opinion on compliance for each of Claiborne Church of God Inc.'s major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audits of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Claiborne Church of God, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination on Claiborne Church of God, Inc.'s compliance.

**Opinion on Each Major Federal Program**

In my opinion, Claiborne Church of God, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2021.



### **Report on Internal Control Over Compliance**

Management of Claiborne Church of God, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Claiborne Church of God, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Claiborne Church of God, Inc.'s internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Maxwell CPA, LLC*

Monroe, Louisiana  
December 27, 2021

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**SUMMARY OF AUDIT RESULTS**

1. The auditors' report expressed an unmodified opinion on the financial statements of Claiborne Church of God, Inc. (Church).
2. One significant deficiency was disclosed during the audit of the financial statements to be reported in the 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* and Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
3. No instances of noncompliance material to the financial statements of Claiborne Church of God, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of the major federal award programs in the Report on Compliance With Requirements That Could Have A Direct and Material Effect on Each Major Program And On Internal Control Over Compliance In Accordance With Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Uniform Guidelines Requirements for Federal Awards.
5. The auditors' report on compliance for the major federal award programs for Claiborne Church of God, Inc., expressed an unmodified opinion on the major federal program.
6. There were no audit findings relative to the major federal award program for the Church.
7. The program tested as a major program included the United States Department of Agriculture Summer Food Service Program for Children under AL #10.559.
8. The threshold for distinguishing between Types A and B programs was \$750,000.
9. The Church does not qualify to be a low-risk auditee.

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

(Continued)

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

**U.S. Department of Agriculture Summer Food Program for Children**

AL No. 10.559; Program Period - 7/1/20-06/30/21

There were no findings that relate to this major federal program.

**FINDINGS - FINANCIAL STATEMENT AUDIT**

2021-01    Separation of Duties

Condition:

The Church has a small number of people performing a variety of duties, some of which may be incompatible. For instance, the person who handles cash receipts should not record the payments to the accounts receivable detail ledger. Also, the person who writes checks should not reconcile the bank statement each month.

Criteria:

Separation of duties is necessary to ensure the separation of the recording of assets and the custody of those assets.

Cause:

The small accounting staff causes multiple duties to be performed by the same person.

Effect:

Separating these duties will improve internal controls over cash and other assets and reduce the possibility of errors and irregularities.

Recommendation:

This may be done without hiring more personnel. This situation dictates that the Board remains involved in the financial affairs of the Church to provide oversight and independent review functions. I recommend monthly bank statements and credit card statements should be reviewed for accuracy and approved by an employee independent of the responsibility of reconciling the statements and paying the credit card invoices.

Response:

The Church feels that it is not cost beneficial to hire another employee or give this responsibility to an existing employee because of the work involved.

**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Internal Control and Compliance Material to the Financial Statements**

2020-01    Separation of Duties

Condition:

The Church has a small number of people performing a variety of duties, some of which may be incompatible. For instance, the person who handles cash receipts should not record the payments to the accounts receivable detail ledger. Also, the person who writes checks should not reconcile the bank statement each month.

Recommendation:

This may be done without hiring more personnel. This situation dictates that the Board remains involved in the financial affairs of the Church to provide oversight and independent review functions. I recommend monthly bank statements and credit card statements should be reviewed for accuracy and approved by an employee independent of the responsibility of reconciling the statements and paying the credit card invoices.

Current Status:

Repeated as finding 2021-01.



**CLAIBORNE CHURCH OF GOD, INC.**  
**(DBA FAMILY CHURCH)**  
**SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS**  
**AND OTHER PAYMENTS TO AGENCY HEAD**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Agency Head**

Terry Taylor - Lead Pastor

<b>Salary and Expense Account</b>	\$	-
<b>Housing</b>		-
<b>Benefits - Insurance</b>		-
<b>Car Allowance</b>		-
<b>Travel</b>		-
<b>Conference Travel</b>		-
<b>Other</b>		-
		-
	<b>\$</b>	-

**NOTE:** Claiborne Church of God, Inc. (DBA Family Church) is a nongovernmental entity that receives public funds. However, no public funds are used to pay for the compensation, reimbursements, benefits, or other payments to the agency head.