

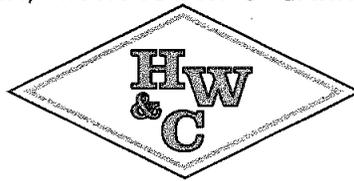
**Families Helping Families
of Greater Baton Rouge, Inc.
Baton Rouge, Louisiana
June 30, 2014**

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Independent Auditor's Report

To the Board of Directors
Families Helping Families of Greater Baton Rouge, Inc.
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Families Helping Families of Greater Baton Rouge, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, 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 *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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Families Helping Families of Greater Baton Rouge, Inc. as of June 30, 2014 and 2013, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2014 on our consideration of Families Helping Families of Greater Baton Rouge, 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 Greater Baton Rouge, Inc.'s internal control over financial reporting and compliance.



October 15, 2014

Families Helping Families of Greater Baton Rouge, Inc.
Statements of Financial Position
June 30, 2014 and 2013

Assets

| | <u>2014</u> | <u>2013</u> |
|------------------------------------|-------------------|-------------------|
| Current Assets | | |
| Cash and Cash Equivalents | \$ 248,039 | \$ 270,146 |
| Accounts Receivable, net | 20,660 | 53,535 |
| Rent Receivable | 1,484 | - |
| Prepaid Expenses | <u>15,820</u> | <u>10,454</u> |
| Total Current Assets | 286,003 | 334,135 |
| Property and Equipment, net | <u>570,098</u> | <u>595,903</u> |
| Total Assets | <u>\$ 856,101</u> | <u>\$ 930,038</u> |

Liabilities and Net Assets

| | | |
|--|-------------------|-------------------|
| Current Liabilities | | |
| Accounts Payable | \$ 3,776 | \$ 11,304 |
| Accrued Liabilities | 6,189 | 8,648 |
| Current Maturities of Long-Term Debt | <u>15,839</u> | <u>15,152</u> |
| Total Current Liabilities | 25,804 | 35,104 |
| Long-Term Debt, less current maturities | <u>388,629</u> | <u>404,265</u> |
| Net Assets, unrestricted | <u>441,668</u> | <u>490,669</u> |
| Total Liabilities and Net Assets | <u>\$ 856,101</u> | <u>\$ 930,038</u> |

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

Families Helping Families of Greater Baton Rouge, Inc.
Statements of Activities
Years Ended June 30, 2014 and 2013

| | Unrestricted | |
|--|---------------------|-------------|
| | 2014 | 2013 |
| Revenue and Other Support | | |
| Contracts and Grants | \$ 296,566 | \$ 483,653 |
| Fundraising | 170,524 | 194,124 |
| Donations | 79,128 | 71,048 |
| Rent | 2,472 | - |
| Interest | 287 | 414 |
| Total Revenue and Other Support | 548,977 | 749,239 |
| Expenses | | |
| Program | 434,857 | 557,089 |
| Management and General | 93,410 | 111,312 |
| Fundraising | 65,332 | 92,892 |
| Total Expenses | 593,599 | 761,293 |
| Increase (Decrease) in Net Assets Before Provision for Federal Income Tax | (44,622) | (12,054) |
| Provision for Federal Income Tax | 4,379 | 30,862 |
| Increase (Decrease) in Net Assets | (49,001) | (42,916) |
| Net Assets, beginning of period | 490,669 | 533,585 |
| Net Assets, end of period | \$ 441,668 | \$ 490,669 |

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

Families Helping Families of Greater Baton Rouge, Inc.
Statements of Functional Expenses
Years Ended June 30, 2014 and 2013

| | June 30, 2014 | | | | June 30, 2013 | | | |
|---------------------------|-------------------|---------------------------|------------------|-------------------|-------------------|---------------------------|------------------|-------------------|
| | Program | Management and General | Fund- Raising | Total | Program | Management and General | Fund- Raising | Total |
| Expenses | | | | | | | | |
| Accounting Services | \$ - | \$ - | \$ 1,755 | \$ 1,755 | \$ - | \$ - | \$ 1,350 | \$ 1,350 |
| Audit Fees | - | 7,250 | 2,000 | 9,250 | - | 7,100 | 2,100 | 9,200 |
| Bad Debts (Recoveries) | (6,960) | - | - | (6,960) | 18,420 | - | - | 18,420 |
| Conference and Convention | 3,723 | - | - | 3,723 | 3,698 | - | - | 3,698 |
| Consulting | 664 | 2,656 | - | 3,320 | 543 | 2,172 | - | 2,715 |
| Contract Labor | - | 190 | 350 | 540 | - | - | 240 | 240 |
| Depreciation | 20,643 | 5,161 | - | 25,804 | 20,858 | 5,215 | - | 26,073 |
| Dues and Subscriptions | 824 | - | - | 824 | 350 | - | - | 350 |
| Education and Training | 1,862 | 1,788 | - | 3,650 | 11,838 | 11,374 | - | 23,212 |
| Equipment Rental | - | - | 713 | 713 | - | - | 1,183 | 1,183 |
| Insurance | 16,247 | - | 855 | 17,102 | 9,371 | - | 506 | 9,877 |
| Interest | 18,204 | 563 | - | 18,767 | 19,001 | 588 | - | 19,589 |
| Lending Library | 176 | - | - | 176 | 139 | - | - | 139 |
| Meals and Entertainment | - | - | 175 | 175 | - | - | 836 | 836 |
| Miscellaneous | - | 4,080 | 325 | 4,405 | - | 3,580 | 1,695 | 5,275 |
| Office Supplies | 6,215 | 690 | - | 6,905 | 8,127 | 903 | - | 9,030 |
| Payroll Taxes | 23,544 | 3,779 | 1,744 | 29,067 | 28,864 | 4,633 | 2,138 | 35,635 |
| Postage and Shipping | 2,019 | 329 | - | 2,348 | 1,951 | 318 | - | 2,269 |
| Printing and Publications | - | 7,392 | - | 7,392 | - | 8,127 | 522 | 8,649 |
| Rent | - | - | 29,869 | 29,869 | - | - | 42,580 | 42,580 |
| Repairs and Maintenance | 4,486 | 286 | - | 4,772 | 5,611 | 358 | - | 5,969 |
| Salaries and Wages | 279,634 | 44,879 | 20,714 | 345,227 | 344,351 | 55,266 | 25,508 | 425,125 |
| Stipend | 23,383 | - | - | 23,383 | 43,032 | - | - | 43,032 |
| Supplies | 623 | 11,966 | 6,832 | 19,421 | 623 | 9,285 | 14,167 | 24,075 |
| Telecommunications | 9,575 | - | - | 9,575 | 11,939 | - | - | 11,939 |
| Travel and Lodging | 21,116 | 2,220 | - | 23,336 | 19,914 | 2,220 | 67 | 22,201 |
| Utilities | 8,879 | 181 | - | 9,060 | 8,459 | 173 | - | 8,632 |
| Total Expenses | <u>\$ 434,857</u> | <u>\$ 93,410</u> | <u>\$ 65,332</u> | <u>\$ 593,599</u> | <u>\$ 557,089</u> | <u>\$ 111,312</u> | <u>\$ 92,892</u> | <u>\$ 761,293</u> |

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

Families Helping Families of Greater Baton Rouge, Inc.
Statements of Cash Flows
Years Ended June 30, 2014 and 2013

| | 2014 | 2013 |
|---|-------------|-------------|
| Cash Flows From Operating Activities | | |
| Increase (Decrease) in Net Assets | \$ (49,001) | \$ (42,916) |
| Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided By (Used in) Operating Activities | | |
| Depreciation | 25,804 | 26,073 |
| Bad Debts (Recoveries) | (6,960) | 18,420 |
| (Increase) Decrease in Assets: | | |
| Receivables | 38,352 | 7,898 |
| Prepaid Expenses | (5,366) | (9,653) |
| Increase (Decrease) in Liabilities: | | |
| Accounts Payable | (7,528) | 10,257 |
| Accrued Liabilities | (2,459) | (2,591) |
| Net Cash Provided By (Used in) Operating Activities | (7,158) | 7,488 |
| Cash Flows From Investing Activities | | |
| Purchase of Property and Equipment | - | (2,444) |
| Net Cash Used in Investing Activities | - | (2,444) |
| Cash Flows From Financing Activities | | |
| Payments on Long-Term Debt | (14,949) | (14,169) |
| Net Cash Used in Financing Activities | (14,949) | (14,169) |
| Net Decrease in Cash and Cash Equivalents | (22,107) | (9,125) |
| Cash and Cash Equivalents, beginning of year | 270,146 | 279,271 |
| Cash and Cash Equivalents, end of year | \$ 248,039 | \$ 270,146 |
| Supplemental Disclosure of Cash Flow Information | | |
| Cash Paid During the Year for Interest | \$ 18,767 | \$ 19,589 |
| Cash Paid During the Year for Unrelated Business Income Taxes | \$ 5,100 | \$ 32,135 |

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

Families Helping Families of Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2014

Note 1-Nature of Operations

Families Helping Families of Greater Baton Rouge, Inc. (FHFGBR) is a non-profit corporation, which was founded on January 10, 1998. The organization's mission is to provide individualized services, information, resources, and support needed to positively enhance the independence, productivity, and integration of individuals with disabilities in the greater Baton Rouge area.

FHFGBR derives the majority of its revenue from state contracts for the following programs:

State Department of Education (SDE) - Provides training, education, and empowerment of families of children with disabilities through workshops, presentations, and one-on-one support to develop an individualized education/transition plan to help their children learn in an inclusive environment to ensure full and valued membership in the community.

Children's Special Health Services (CSHS - Parent Liaison) - Provides information, referral, education, training, and one-on-one support to families enrolled in CSHS.

Louisiana Developmental Disabilities Council (LADDC) - Provides administrative and related functions allowing FHFGBR to advocate for and support people with developmental disabilities to exercise control over their lives and participate fully in the community.

Capital Area Human Services District (CAHSD/OCDD) - Provides information and referrals to individuals with developmental disabilities and their families through workshops, presentations, and one-on-one support.

Resource Center for Autism Spectrum Disorders (RCASD) - A comprehensive source of information for families with members who have autism spectrum disorder. RCASD offers one-on-one support, family-oriented education, referrals, and various communication software assisting children with social and verbal communication.

Ability Awareness Training (AAT) - Offered to individuals, or any entity, wanting to develop or improve an inclusive environment. AAT teaches effective communication skills necessary to remove barriers from employment and inclusion in the community.

Family 2 Family Health Information Center (F2FHIC) - Provides support to families with children who have special health care needs by providing information and referral services regarding their child's health care and learning how to advocate for their child.

Note 2-Summary of Significant Accounting Policies

A. Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Families Helping Families of Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2014

Note 2-Summary of Significant Accounting Policies (Continued)

A. Basis of Accounting and Presentation (Continued)

FHFGBR reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets include those net assets whose use by FHFGBR is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation. Temporarily restricted net assets are those net assets whose use by FHFGBR has been limited by donors (a) to later periods of time or other specific dates or (b) for specified purposes. Permanently restricted net assets are those net assets received with donor-imposed restrictions limiting FHFGBR's use of the assets. At June 30, 2014 and 2013, FHFGBR had no temporarily or permanently restricted net assets.

B. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates that were used. The most significant item on the statements of financial position involving a greater degree of accounting estimates subject to changes in the near future is the assessment of the allowance for doubtful accounts. As additional information becomes available (or actual amounts are determinable), the recorded estimates are revised and reflected in operating results in the period they are determined.

C. Cash and Cash Equivalents

For purposes of the statements of cash flows, FHFGBR considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Included in cash and cash equivalents at June 30, 2014 and 2013 is cash of \$7,195 and \$2,867, respectively, required to be held in separate bank accounts, restricted for the purpose of charitable gaming.

D. Accounts Receivable

Accounts receivable are recorded at net realizable value consisting of the carrying amount less an allowance for doubtful accounts. FHFGBR determines its allowance for doubtful accounts based on prior years' experiences and management's analysis of possible bad debts. FHFGBR uses the specific identification allowance method, charging off old receivables on a case-by-case basis. As of June 30, 2013, an allowance of \$18,420 had been established. There was no allowance established as of June 30, 2014.

E. Property and Equipment

Property and equipment are stated at cost or, if donated, at fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Expenditures for major repairs and improvements that extend the useful lives of property and equipment are capitalized at cost. Expenditures for maintenance and minor repairs are charged to expense as incurred.

Families Helping Families of Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2014

Note 2-Summary of Significant Accounting Policies (Continued)

E. Property and Equipment (Continued)

The estimated useful lives for property and equipment are as follows:

| | |
|------------------------|------------|
| Building | 30 years |
| Equipment | 3-7 years |
| Furniture and fixtures | 7-15 years |

F. Revenue Recognition

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily or permanently restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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

G. Income Taxes

FHFGBR is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an entity other than a private foundation within the meaning of Section 509(a). However, income from certain activities not directly related to FHFGBR's tax-exempt purpose is subject to taxation as unrelated business income. Included in prepaid expenses as of June 30, 2014 and 2013, respectively, are overpayments for income tax in the amounts of \$1,970 and \$1,273 on the unrelated business activities.

Management has determined that there are no uncertain tax positions that would require recognition in the financial statements. If FHFGBR were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax would be reported as income taxes. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based on ongoing analysis of tax laws, regulations, and interpretations thereof as well as other factors. Generally, tax returns may be examined for three years from the filing date and the current and prior three years remain subject to examination as of June 30, 2014.

H. Advertising

Advertising costs are expensed as incurred. There were no advertising costs for the years ended June 30, 2014 and 2013.

Families Helping Families of Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2014

Note 3-Property and Equipment

The following is a summary of property and equipment as of June 30:

| | 2014 | 2013 |
|--------------------------------|--------------------------|--------------------------|
| Land | \$ 150,000 | \$ 150,000 |
| Building | 430,000 | 430,000 |
| Equipment | 47,544 | 47,544 |
| Furniture and fixtures | <u>38,565</u> | <u>38,565</u> |
| | 666,109 | 666,109 |
| Less: accumulated depreciation | <u>96,011</u> | <u>70,206</u> |
| | <u><u>\$ 570,098</u></u> | <u><u>\$ 595,903</u></u> |

Note 4-Long-Term Debt

| | 2014 | 2013 |
|---|--------------------------|--------------------------|
| Note payable to a financial institution, due in monthly principal and interest installments totaling \$2,810, with a final payment of \$269,970 in November 2021, bearing interest at 4.50%, collateralized by building and land. | \$ 404,468 | \$ 419,417 |
| Less: current maturities of long-term debt | <u>15,839</u> | <u>15,152</u> |
| | <u><u>\$ 388,629</u></u> | <u><u>\$ 404,265</u></u> |

Following are maturities of long-term debt:

| | | |
|------------|----|--------------------------|
| 2015 | \$ | 15,839 |
| 2016 | | 16,566 |
| 2017 | | 17,327 |
| 2018 | | 18,123 |
| 2019 | | 18,956 |
| Thereafter | | <u>317,657</u> |
| | | <u><u>\$ 404,468</u></u> |

Note 5-Functional Classification of Expenses

FHFGBR achieves some of its programmatic, management and general, and fundraising goals through its daily operations. Joint costs for the years ended June 30 have been allocated as follows:

| | 2014 | 2013 |
|------------------------|--------------------------|--------------------------|
| Program | \$ 303,178 | \$ 373,215 |
| Management and General | 48,658 | 59,899 |
| Fundraising | <u>22,458</u> | <u>27,646</u> |
| | <u><u>\$ 374,294</u></u> | <u><u>\$ 460,760</u></u> |

Families Helping Families of Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2014

Note 6-Contingencies

FHFGBR participates in federal and state grant programs, which are governed by various rules and regulations. Costs charged to the grant programs are subject to audit and adjustment by the grantor agency; therefore, to the extent that FHFGBR has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable at year end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Any costs disallowed would be recognized in the period agreed upon by the grantor agency and FHFGBR.

Note 7-Economic Dependency

FHFGBR receives revenue through grants and contracts administered by the State of Louisiana. The grant and contract amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds received by FHFGBR could be reduced significantly by an amount that could adversely impact its operations. Management is not aware of any actions that will adversely affect the amount of grants and contracts the organization will receive in the next fiscal year.

Note 8-Board of Directors Compensation

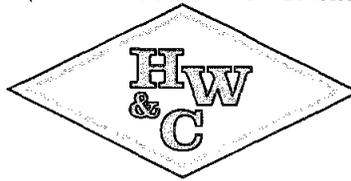
The Board of Directors is a voluntary board; therefore, no compensation or per diem has been paid to any Director.

Note 9-Subsequent Events

FHFGBR evaluated all subsequent events through October 15, 2014, the date the financial statements were available to be issued. As a result, FHFGBR noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Families Helping Families of Greater Baton Rouge, Inc.
Baton Rouge, 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 Families Helping Families of Greater Baton Rouge, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Families Helping Families of Greater Baton Rouge, Inc.'s (FHFGBR) 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 FHFGBR's internal control. Accordingly, we do not express an opinion on the effectiveness of FHFGBR'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 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 were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies (2014-01 and 2014-02).

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Hawthorn, Waymourt & Carroll, LLP".

October 15, 2014

**Families Helping Families of Greater Baton Rouge, Inc.
Schedule of Current Year Findings and Responses
Year Ended June 30, 2014**

Findings - Financial Statement Audit

2014-01 Expense Reimbursements and Credit Card Review and Approval

Condition:

The office manager approves the Executive Director's expense reimbursements, and there is no review or approval of the Executive Director's credit card transactions.

Criteria:

A position of higher influence should be reviewing and approving the Executive Director's expense reimbursements and credit card transactions.

Cause:

FHFGBR has inadequate controls over expense reimbursements and credit cards.

Effect:

Inadequate controls increase potential for misappropriation of assets.

Auditor's Recommendation:

A Board member should review and approve all of the Executive Director's expense reimbursements and credit card transactions.

Management's Corrective Action Plan:

To increase control over expense reimbursements and credit card charges, management now requires all charges and reimbursements to be reviewed and approved by the FHFGBR treasurer.

2014-02 Segregation of Duties

Condition:

Due to the relatively small size of FHFGBR, ideal segregation of duties cannot be achieved.

Criteria:

FHFGBR should separate responsibilities for authorizing transactions, recording those transactions, and the custody of assets.

Cause:

The size of FHFGBR does not permit proper segregation of duties.

Effect:

The lack of segregation of duties increases the risk of fraud related to misappropriation of assets, financial statement misstatements, or both.

Families Helping Families of Greater Baton Rouge, Inc.
Schedule of Current Year Findings and Responses
Year Ended June 30, 2014

Findings - Financial Statement Audit (Continued)

2014-02 Segregation of Duties (Continued)

Auditor's Recommendation:

While we recognize it may not be cost effective to justify implementing a full segregation of duties for an extensive system of internal control in all areas, we believe it is important that management and those charged with governance are aware that some weaknesses may exist and that they should continue to apply diligent oversight and monitoring activities.

Management's Corrective Action Plan:

Management has requested more involvement from the FHFGBR treasurer to help reduce the risk associated with a lack of segregation of duties. The treasurer will now review all transactions, as well as act as the primary signer on cash accounts. Management believes this will increase the effectiveness of Board oversight and monitoring.

**Families Helping Families of Greater Baton Rouge, Inc.
Schedule of Prior Year Findings and Responses
Year Ended June 30, 2014**

Findings - Financial Statement Audit

None.