



CPA & CONSULTING  
SERVICES, LLC

BRENDEL W. DEEMER, CPA  
brendeldeemer@aol.com

ST. JOHN #5 BAPTIST CHURCH, INC.  
(a Non-Profit Organization)

Independent Auditor's Report and Financial Statements  
For the Year Ended December 31, 2011

Deemer CPA and Consulting Services, LLC

**St. John #5 Baptist Church, Inc.**  
**Table of Contents**

---

	<b>Page</b>
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-8
Schedule of Functional Expenses	9
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	10-11
Schedule of Findings and Questioned Costs	12
Status of Prior Audit Findings	13



CPA & CONSULTING  
SERVICES, LLC

BRENDEL W. DEEMER, CPA  
brendeldeemer@aui.com

### Independent Auditor's Report

#### **To the Board of Directors of St. John #5 Baptist Church:**

I have audited the accompanying statement of financial position of St. John #5 Baptist Church, Inc. (a non-profit organization) (hereinafter referred to as St. John) as of December 31, 2011, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of St. John's management. My responsibility is to express an opinion of these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St John #5 Baptist Church, Inc. and the results of operations and its cash flows for the year then ended December 31, 2011, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated June 29, 2012 on my consideration of St. John's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contract, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming an opinion on the financial statements of St. John taken as a whole. The schedule of functional expenses and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the financial statements of the organization. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Deanne C. Hand Consulting Services, LLC*

New Orleans, Louisiana  
June 29, 2012

**St. John #5 Baptist Church, Inc.**  
**Statement of Financial Position**  
**As of December 31, 2011**

<u>Assets</u>	
Current:	
Cash	\$ 131,205
Grant Receivable	<u>23,689</u>
Total Current Assets	\$ 154,894
 <u>Fixed Assets</u>	
Buildings	340,000
Equipment	50,142
Accumulated Depreciation	<u>(161,310)</u>
Total Fixed Assets (Net)	<u>228,832</u>
Total Assets	<u><u>\$ 383,726</u></u>
 <u>Liabilities and Net Assets</u>	
Accounts Payable	\$ 10,547
Note Payable (Current)	<u>0</u>
Total Current Liabilities	10,547
Note Payable (Long-Term)	<u>63,352</u>
Total Liabilities	\$ 73,899
 <u>Net Assets</u>	
Unrestricted	<u>309,827</u>
Total Net Assets	<u>309,827</u>
Total Liabilities and Net Assets	<u><u>\$ 383,726</u></u>

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

St. John #5 Baptist Church, Inc.  
Statement of Activities  
For the Year Ended December 31, 2011

	Unrestricted
<b>Revenues</b>	
Grant Revenue	\$ 426,993
Tithes & Offerings	172,976
<b>Total Revenue</b>	<b>\$ 599,969</b>
<b>Expenses</b>	
Program Services	\$ 364,998
Support Services	146,520
<b>Total Expenses</b>	<b>511,518</b>
<b>Change In Net Assets</b>	<b>88,451</b>
<b>Net Assets At Beginning Of Year</b>	<b>\$ 221,376</b>
<b>Net Assets At End Of Year</b>	<b>\$ 309,827</b>

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

St. John #5 Baptist Church, Inc.  
Statement of Cash Flows  
For the Year Ended December 31, 2011

**Cash Flows From Operating Activities:**

Changes in Net Assets	\$ 88,451
Adjustments to Reconcile Net Revenues over Expenditures to Net Cash Provided by Operating Activities	
Depreciation Expense	32,322
Changes in Operating Assets and Liabilities	
Grant Receivable	(11,290)
Payroll Taxes Payable	(18,000)
Accounts Payable	<u>(26,276)</u>
Net Cash Provided by Operating Activities	65,207

**Cash Flows From Investing Activities:**

Purchase/Sale of Assets	<u>0</u>
Net Cash Used by Investing Activities	0

**Cash Flows From Financing Activities:**

Purchase of Real Property and Improvements	<u>(36,620)</u>
Net Cash Used by Financing Activities	<u>(36,620)</u>
Net Cash Decrease for Period	28,587
Cash, At Beginning of Period January 1, 2011	<u>102,618</u>
Cash, At End of Period December 31, 2011	<u><u>\$ 131,205</u></u>

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

**St. John #5 Baptist Church, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2011**

**1. Summary of Significant Accounting Principles**

**General** - St. John #5 Baptist Church, Inc. is a non-profit corporation organized under the laws of the State of Louisiana. Its mission is to provide positive community responses to people affected by HIV/AIDS and reduce the spread of HIV/AIDS through education and testing in New Orleans and its' surrounding area. The agency's operations are funded primarily through federal and state grants, and private foundations.

**Basis of Accounting** – St. John's financial statements are prepared on the accrual basis of accounting, whereby revenue is recorded when earned and expenses are recorded when incurred.

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Property and Equipment** – Improvements which significantly extend the useful life of an asset and purchases of equipment are capitalized. The straight line method of depreciation is used for the assets owned by St. John. The estimated useful lives of these assets range from 3 to 27 years.

**Income Taxes** – St. John has been determined to be tax exempt under Section 501 (c) 3 of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

**Cash** - Cash is comprised of cash on hand and in banks.

**2. Net Assets** - A description of the three types of Net Assets categories is described below:

Unrestricted net assets are comprised of funds without donor-imposed restrictions. The revenues received by St. John and expenses incurred are included in this category.

Temporarily restricted net assets include income, gifts, and contributions which have temporary restrictions that have not been met.

Permanently restricted net assets include income, gifts, and contributions which have donor-imposed restrictions to be invested in perpetuity and only the income from those investments can be made available for program operations.

As of December 31, 2011, St. John had unrestricted net assets, however there were no temporarily or permanently restricted net assets.

**3. Property and Equipment**

Property and Equipment consisted of the following at December 31, 2011:

Equipment and Office Furniture	\$ 340,000
Buildings	50,142
Less: Accumulated Depreciation	<u>(161,310)</u>
<b>Total Property and Equipment</b>	<b><u>\$ 228,832</u></b>

Current year depreciation expense was recorded at \$32,322.

**4. Grants Receivable**

As of December 31, 2011 grants receivable consists of the following:

FEMA	\$ 23,689.00
------	--------------

## 5. Note Payable

The agency is indebted to a local financial institution in the amount of \$63,352 secured by two properties.

The maturity of the long-term debt is as follows:

<u>Year</u>	<u>Amount</u>
2012	10,680
2013	11,420
2014	13,823
2015	14,121
2016 and thereafter	<u>13,308</u>
Total	<u>\$ 63,352</u>

Interest expense for the long-term debt was \$19,642 at December 31, 2011.

## 6. Economic Dependency

St. John receives its funding primarily from federal and state grants. The continuance of this program is dependent upon the agency's ability to gain renewal of contracts and grants as well as to obtain new funding.

## 7. Subsequent Events

St. John the Baptist #5 adopted the Subsequent Events topic of the FASB Accounting Standards Codification (ASC) 855, which requires disclosure of the date through which subsequent events have been evaluated. Management performed an evaluation of its activity through June 29, 2012, the audit report date, and has concluded that there are no significant subsequent events requiring disclosure through the date these financial statements were issued.

SUPPLEMENTAL INFORMATION

**St. John #5 Baptist Church, Inc.**  
**Schedule of Functional Expenses**  
**For the Year Ended December 31, 2011**

EXPENSE	Support Services			TOTAL
	<u>CHURCH</u>	<u>GENERAL &amp; ADMINISTRATION</u>	<u>PROGRAM SERVICES</u>	
Payroll Expenses	600	0	248,960	249,560
Payroll Taxes	0	0	20,000	20,000
Advertising/Media	10,225	6,315	2,785	19,325
Educational Material	31	0	0	31
Bank Service Charges	65	2,284	535	2,884
Contributions/Donations	1,500	550	0	2,050
Dues & Subscriptions	327	14	793	1,134
Insurance	4,656	216	5,999	10,871
Licenses & Permits	0	40	0	40
Postage & Delivery	293	0	398	691
Printing & Production	0	100	0	100
Professional Fees	236	1,395	26,807	28,438
Telephone	957	299	8,190	9,446
Travel & Entertainment	4,267	0	8,144	12,411
Utilities	2,725	912	2,638	6,275
Office Supplies	1,176	197	2,360	3,733
Supplies	8,923	3,974	34,769	47,666
Repairs & Maintenance	22,477	2,461	455	25,393
Interest Expense	15,787	3,855	0	19,642
Rent Expense	1,200	1,700	0	2,900
Depreciation Expense	0	32,322	0	32,322
Miscellaneous	6,716	6,516	1,102	14,334
Property Taxes	559	0	0	559
Mission Expense	450	0	0	450
Conferences	0	0	363	363
Van Expense	155	45	0	200
Contract Labor	0	0	700	700
Total Expense	<u>\$ 83,325</u>	<u>\$ 63,195</u>	<u>\$ 364,998</u>	<u>\$ 511,518</u>

See Independent Auditor's Report.



CPA & CONSULTING  
SERVICES, LLC

BRENDEL W. DEEMER, CPA  
brendeldeemer@aol.com

**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  
St. John #5 Baptist Church, Inc.

I have audited the financial statements of St. John Baptist Church, Inc. as of and for the year ended December 31, 2011, and have issued my report thereon dated June 29, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered St. John's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. John's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of St. John's internal control over financial reporting.

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 organization's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, I identified a certain deficiency in internal control over financial reporting that I consider to be material weakness. It is identified as Finding 11-01 as listed in the schedule of findings and questioned costs.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. John'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 determination of financial statement amounts. 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as items 11-01.

This report is intended solely for the information and use of management, St. John #5 Baptist Church Board of Directors, others within the entity, the State of Louisiana Legislative Auditor, federal awarding agencies and federal flow through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Deanna CPA and Consulting Services, LLC*

June 29, 2012

**St. John #5 Baptist Church, Inc.**  
**Current Year Findings and Questioned Costs**  
**For the Year Ended December 31, 2011**

**11-01 Late Reporting**

**Criteria:**

The State of Louisiana audit law requires that the agency complete its audit within six months following their fiscal year end.

**Condition:**

The agency did not provide the financial information needed to fulfill their reporting requirements in a timely manner.

**Cause:**

The agency did not perform its yearly close-out in a timely manner.

**Effect:**

The agency's financial report was not submitted timely to the State of Louisiana Legislative Auditor's office.

**Recommendation:**

It is recommended that the agency maintain monthly financial statements to ensure completion of year- end financial statements in a timely manner.

**Management's Response:**

St. John #5 Baptist Church has informed its contracted accountant that they will be held accountable for late reporting of financial data to the agency. The agency is committed to contracting with an accountant who will provide monthly financial data as needed.

**St. John #5 Baptist Church, Inc.**  
**Status of Prior Year Findings**  
**For the Year Ended December 31, 2011**

**10-01 Unpaid Payroll Taxes**

**RESOLVED**

Criteria: The federal government requires payment of payroll taxes as they are due.

Condition: The agency is indebted to the federal government.

**10-02 Late Reporting**

**UNRESOLVED**

Criteria:

The State of Louisiana audit law requires that the agency complete its audit within six months following their fiscal year end.

Condition:

The agency did not provide the financial information needed to fulfill their reporting requirements in a timely manner.

**09-03 Unpaid Payroll Taxes**

**RESOLVED**

Statement of Condition: The agency did not pay payroll taxes for several periods.

Criteria: The federal government requires payment of payroll taxes as they are due.