

**CHILDREN'S COALITION
FOR NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA
JUNE 30, 2013 AND 2012**

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

MONROE, LOUISIANA

JUNE 30, 2013 AND 2012

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December 9, 2013

The Board of Directors
Children's Coalition for Northeast Louisiana, Inc.
Monroe, Louisiana

Independent Auditors' Report

We have audited the accompanying financial statements of Children's Coalition for Northeast Louisiana, Inc. (a Non-profit Corporation), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, cash flows and functional expenses 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 consolidated 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.

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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 Children's Coalition for Northeast Louisiana, Inc. as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of changes in net assets are presented for the purpose of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 November 30, 2013, on our consideration of The Children's Coalition for Northeast 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 the 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 Children's Coalition for Northeast Louisiana, Inc.'s internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC
Monroe, Louisiana

FINANCIAL STATEMENTS

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
STATEMENTS OF FINANCIAL POSITION

JUNE 30

	2013	2012
ASSETS		
Cash	\$ 179,547	\$ 118,931
Accounts Receivable - Grants	127,920	157,555
Furniture and Equipment	230,592	283,776
Accumulated Depreciation	(132,703)	(154,764)
Prepaid Expenses	7,273	5,589
TOTAL ASSETS	\$ 412,629	\$ 411,087
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable	\$ 466	\$ 4,521
Accrued Payroll Liabilities	9,796	8,423
Capital Leases Payable - Current	8,308	10,536
Capital Leases Payable - Long-Term	5,896	14,868
Notes Payable - Bank Line-of-Credit	148,170	161,259
Total Liabilities	172,636	199,607
Net Assets		
Net Assets - Unrestricted/Undesignated	100,027	62,953
Net Assets - Unrestricted/Designated	106,882	89,130
Net Assets - Temporarily Restricted	33,084	59,397
Total Net Assets	239,993	211,480
TOTAL LIABILITIES AND NET ASSETS	\$ 412,629	\$ 411,087

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

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenues			
Donations and Sponsorships	\$ 330,686	\$ -	\$ 330,686
In-Kind Donations at Fair Value	4,392	-	4,392
Grants - Federal	770,543	-	770,543
Grants - Vendor Contracts	220,380	-	220,380
Grants - Other	61,233	88,894	150,127
Registration and Tuition Fees	37,038	-	37,038
Memberships	26,240	-	26,240
Interest	699	-	699
Contributions and Net Revenue from Special Events			
Special Event Revenue	35,606	-	35,606
Other Revenue	4,555	-	4,555
Total	<u>1,491,372</u>	<u>88,894</u>	<u>1,580,266</u>
Net Assets Released from Restrictions	<u>115,207</u>	<u>(115,207)</u>	<u>-</u>
Total Support and Revenue	1,606,579	(26,313)	1,580,266
Expenses			
Program Services			
Health Care	249,103	-	249,103
Early Childhood Education	773,525	-	773,525
Youth Development	171,729	-	171,729
Parenting Initiative	68,187	-	68,187
Total Program Services	<u>1,262,544</u>	<u>-</u>	<u>1,262,544</u>
Supporting Services			
Management & General	235,607	-	235,607
Fund Raising	53,603	-	53,603
Total Supporting Services	<u>289,210</u>	<u>-</u>	<u>289,210</u>
Total Expenses	<u>1,551,753</u>	<u>-</u>	<u>1,551,753</u>
Change in Net Assets	54,826	(26,313)	28,513
NET ASSETS AT BEGINNING OF YEAR	<u>152,083</u>	<u>59,397</u>	<u>211,480</u>
NET ASSETS AT END OF YEAR	<u>\$ 206,909</u>	<u>\$ 33,084</u>	<u>\$ 239,993</u>

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

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenues			
Donations and Sponsorships	\$ 157,735	\$ -	\$ 157,735
In-Kind Donations at Fair Value	54,177	-	54,177
Grants - Federal	495,722	-	495,722
Grants - Vendor Contracts	508,486	-	508,486
Grants - Other	341,894	96,000	437,894
Registration and Tuition Fees	36,554	-	36,554
Memberships	25,990	-	25,990
Interest	697	-	697
Contributions and Net Revenue from Special Events			
Special Event Revenue	42,820	-	42,820
Other Revenue	5,207	-	5,207
Total	<u>1,669,282</u>	<u>96,000</u>	<u>1,765,282</u>
Net Assets Released from Restrictions	<u>52,174</u>	<u>(52,174)</u>	<u>-</u>
Total Support and Revenue	1,721,456	43,826	1,765,282
Expenses			
Program Services			
Health Care	358,447	-	358,447
Early Childhood Education	720,520	-	720,520
Youth Development	283,994	-	283,994
Parenting Initiative	71,765	-	71,765
Total Program Services	<u>1,434,726</u>	<u>-</u>	<u>1,434,726</u>
Supporting Services			
Management & General	199,656		199,656
Fund Raising	58,560		58,560
Total Supporting Services	<u>258,216</u>	<u>-</u>	<u>258,216</u>
Total Expenses	<u>1,692,942</u>	<u>-</u>	<u>1,692,942</u>
Change in Net Assets	28,514	43,826	72,340
NET ASSETS AT BEGINNING OF YEAR	<u>123,569</u>	<u>15,571</u>	<u>139,140</u>
NET ASSETS AT END OF YEAR	<u>\$ 152,083</u>	<u>\$ 59,397</u>	<u>\$ 211,480</u>

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

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

	Program Services				Supporting Services			Total Expenses
	Health Care	Early Childhood Education	Youth Development	Parenting Initiative	Total Program Services	Management & General	Fund Raising	
Salaries	\$ 175,633	\$ 467,657	\$ 134,446	\$ 48,530	\$ 826,266	\$ 115,564	\$ 27,423	\$ 969,253
Payroll Taxes	14,163	37,711	10,841	3,913	66,628	9,319	2,211	78,158
Related Benefits	4,592	12,228	3,515	1,269	21,604	3,023	717	25,344
Total Salaries and Related Expenses	194,388	517,596	148,802	53,712	914,498	127,906	30,350	1,072,754
Advertising	7,814	-	-	-	7,814	5,967	3,692	17,473
Bank Charges	60	-	-	-	60	1,738	-	1,798
Board Expenses	-	-	-	-	-	2,072	-	2,072
Computer Maintenance	-	4,036	-	-	4,036	289	-	4,325
Contract for Services	1,000	10,845	6,030	-	17,875	18,540	6,029	42,444
Dues and Subscriptions	-	6,305	-	-	6,305	1,175	-	7,480
Equipment Lease	-	3,485	-	-	3,485	(144)	-	3,341
Insurance	-	2,924	-	-	2,924	1,140	-	4,064
Internet	446	811	87	-	1,344	1,743	-	3,087
Interest	-	-	-	-	-	9,646	-	9,646
Janitorial	-	-	-	-	-	828	-	828
Maintenance & Repairs	1,970	5,030	60	-	7,060	1,259	-	8,319
Meetings	4,817	1,831	3,000	324	9,972	11,509	4,986	26,467
Miscellaneous	-	-	-	-	-	2,713	-	2,713
Postage and Delivery	119	3,235	46	-	3,400	1,010	-	4,410
Printing & Reproduction	2,845	5,312	2,148	523	10,828	4,343	70	15,241
Property Taxes	215	-	-	-	215	-	-	215
Professional Development	-	2,900	-	35	2,935	1,581	-	4,516
Professional Fees	-	7,644	-	-	7,644	3,445	6,950	18,039
Rent	974	60,500	-	-	61,474	10,433	-	71,907
Scholarships	1,763	73,125	-	-	74,888	3,165	-	78,053
Security	-	-	-	-	-	435	-	435
Supplies	16,029	4,680	2,907	8,370	31,986	5,537	338	37,861
Telephone	950	5,866	540	-	7,356	1,504	-	8,860
Training	-	2,655	-	1,305	3,960	-	-	3,960
Travel	10,193	21,716	4,304	2,407	38,620	5,720	-	44,340
Utilities	-	15,888	-	-	15,888	4,639	-	20,527
Loss on Disposal of Assets	-	-	-	-	-	2,192	-	2,192
Total	243,583	756,384	167,924	66,676	1,234,567	230,385	52,415	1,517,367
Depreciation	5,520	17,141	3,805	1,511	27,977	5,221	1,188	34,386
Total Functional Expenses	\$ 249,103	\$ 773,525	\$ 171,729	\$ 68,187	\$ 1,262,544	\$ 235,607	\$ 53,603	\$ 1,551,753

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

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012

	Program Services				Supporting Services			Total Expenses
	Health Care	Early Childhood Education	Youth Development	Parenting Initiative	Program Services	Management & General	Fund Raising	
Salaries	\$ 231,090	\$ 436,000	\$ 196,824	\$ 44,365	\$ 908,279	\$ 118,972	\$ 29,046	\$ 1,056,297
Payroll Taxes	19,711	37,190	16,788	3,784	77,473	6,370	1,555	85,398
Related Benefits	8,149	15,375	6,940	1,564	32,028	185	45	32,258
Total Salaries and Related Expenses	258,950	488,565	220,552	49,713	1,017,780	125,527	30,646	1,173,953
Advertising	3,948	100	-	-	4,048	5,297	9,779	19,124
Bank Charges	11	100	250	-	361	1,820	-	2,181
Board Expenses	-	-	-	-	-	2,870	-	2,870
Computer Maintenance	782	4,159	1,681	-	6,622	759	-	7,381
Contract for Services	-	6,373	11,905	-	18,278	-	6,736	25,014
Dues and Subscriptions	-	3,335	-	-	3,335	975	-	4,310
Equipment Lease	2,200	3,435	221	-	5,856	480	-	6,336
Janitorial	-	-	-	-	-	479	-	479
Meetings	8,508	5,343	1,448	322	15,621	2,424	6,660	24,705
Postage and Delivery	1,085	1,877	135	63	3,160	541	-	3,701
Printing & Reproduction	3,278	4,604	1,595	50	9,527	557	1,084	11,168
Professional Fees	5,086	9,155	505	-	14,746	19,596	-	34,342
Professional Development	13,356	420	630	395	14,801	95	-	14,896
Property Taxes	-	-	-	-	-	280	-	280
Rent	8,614	63,249	12,179	-	84,042	11,898	-	95,940
Maintenance & Repairs	4,340	3,377	3,857	-	11,574	887	-	12,461
Miscellaneous	-	-	-	-	-	2,317	-	2,317
Security	-	-	-	-	-	251	-	251
Scholarships	-	34,724	-	-	34,724	1,500	-	36,224
Supplies	14,442	13,880	4,011	4,363	36,696	2,761	912	40,369
Telephone	2,949	5,323	1,496	-	9,768	559	-	10,327
Training	209	23,521	-	6,801	30,531	-	-	30,531
Insurance	1,000	1,110	1,322	-	3,432	883	-	4,315
Interest	-	-	145	-	145	8,551	-	8,696
Internet	138	-	173	-	311	259	-	570
Travel	19,977	19,898	13,497	8,807	62,179	506	1,722	64,407
Utilities	3,326	15,412	3,442	-	22,180	4,104	-	26,284
Total	352,199	707,960	279,044	70,514	1,409,717	196,176	57,539	1,663,432
Depreciation	6,248	12,560	4,950	1,251	25,009	3,480	1,021	29,510
Total Functional Expenses	\$ 358,447	\$ 720,520	\$ 283,994	\$ 71,765	\$ 1,434,726	\$ 199,656	\$ 58,560	\$ 1,692,942

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

THE CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC
STATEMENTS OF CASH FLOWS

	YEAR ENDED JUNE 30	
	2013	2012
Cash Flows From Operating Activities		
Change in Net Assets	\$ 28,513	\$ 72,340
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
In-kind donation of equipment	-	(46,167)
Depreciation	34,386	29,510
Loss on Disposal of Equipment	2,192	-
Changes in assets and liabilities:		
Accounts Receivable	29,635	(62,228)
Prepaid Expenses	(1,684)	17,406
Accounts Payable	(4,055)	1,589
Accrued Payroll Liabilities	1,374	3,654
Net cash provided by operating activities	<u>90,361</u>	<u>16,104</u>
Cash Flow From Investing Activities		
Purchase of equipment	(5,456)	(26,231)
Net cash used in investing activities	<u>(5,456)</u>	<u>(26,231)</u>
Cash Flow From Financing Activities		
Payments of capital lease obligations	(11,200)	(5,694)
Net proceeds from (payments of) notes payable - LOC	(13,089)	24,357
Net cash provided by (used in) financing activities	<u>(24,289)</u>	<u>18,663</u>
Increase in Cash	60,616	8,536
Cash at Beginning of Year	<u>118,931</u>	<u>110,395</u>
Cash at End of Year	<u>\$ 179,547</u>	<u>\$ 118,931</u>
SUPPLEMENTAL DATA:		
Interest paid	\$ 9,646	\$ 8,696
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Purchase of property and equipment by capital leases	\$ -	\$ 24,355

See accountants' report and accompanying notes.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 1 - DESCRIPTION OF ORGANIZATION

Children's Coalition for Northeast Louisiana, Inc. - a voluntary health and welfare organization (the Coalition) was established in 2000 to act as a coordinating agency to develop a comprehensive and integrated system of resources that support children and their families as they live and grow to their full potential.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Coalition conform to generally accepted accounting principles as applicable to voluntary health and welfare organizations. The more significant accounting policies of the Coalition are described below:

A. Basis of Presentation

The financial statements have been prepared on an accrual basis of accounting in accordance with generally accepted accounting principles.

The financial statements of the Coalition are presented as recommended by the Financial Accounting Standards Board in ASC 958-205 (formerly Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*). Under ASC 958-205, the Coalition is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At June 30, 2013 and 2012, the Coalition had no permanently restricted net assets.

B. Contributions

The Coalition has also adopted ASC 958-55 (formerly SFAS No. 116, *Accounting for Contributions Received and Contributions Made*). In accordance with ASC 958-55, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Under ASC 958-55, such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the related time restrictions or the funds are expended in accordance with the donor's intention. The organization has elected to recognize temporarily restricted contributions which are released from the restriction in the same year as unrestricted contributions.

The School Readiness Tax Credits are not considered restricted net assets. The Board of Directors has designated these contributions for support of School Readiness programs.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Donated Services

Members, agencies, business firms, volunteers and others contribute substantial services toward the fulfillment of projects initiated by the Coalition. No amounts have been recognized in the Statement of Activities because the criteria for recognition of such volunteer effort under ASC 958-55 have not been satisfied.

D. Furniture and Equipment

Furniture and equipment are stated at cost. All donated capital assets are recorded at fair market value on the date of the donation. Depreciation is computed on a straight-line basis over the useful lives of the assets using the following estimated lives:

	<u>Years</u>
Furniture and Equipment	3 – 10

Expenditures for major renewals or betterments which extend the useful lives of property, improvements, and equipment are capitalized. Expenditures for maintenance and repairs are expensed as incurred. All expenditures for furniture and equipment in excess of \$500 generally are capitalized.

E. Leased Equipment Capitalized

The imputed cost of leased equipment is capitalized and charged to earnings using the straight-line method of amortization over estimated useful lives of five years for financial reporting purposes. Generally, when items of leased property are retired or otherwise disposed of, the cost and related accumulated amortization are removed from the accounts and any resulting gain or loss is reflected in income. Amortization of assets under capital leases is included in depreciation expense for 2013 and 2012.

F. Compensated Absences

Employees earn forty hours of vacation after completing six months of employment. After one year, they earn eighty hours and after five years, they earn one hundred twenty hours increasing to one hundred sixty hours after ten years. Employees earn eight days of sick leave after six months. After one year, they earn sixteen days increasing to twenty days after five years. The financial statements do not include any accrual for vacation or sick pay. The Coalition's policy is that vacation days are taken in the year accrued or compensated prior to year-end. Sick days may be accumulated to a maximum of 30 days; however, employees are not paid for any unused sick days upon termination.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Functional Expenses

Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

H. Programs

The Coalition's principal programs and primary funding sources are:

Health Care

The **Fetal Infant Mortality Reduction (FIMR) Initiative and the Pregnancy Associated Mortality Review (PAMR)** are funded through the Louisiana Department of Health and Hospitals—Office of Public Health/Maternal and Child Health Coalition. The Maternal and Child Health Coordinator is an RN that reviews medical records with a team of medical experts to ascertain causes of fetal and infant mortality, as well as pregnancy associated deaths. A community action team organized through the Coalition works to provide community solutions for any identified problems. Part of her responsibilities includes convening the Child Death Review Panel to review cases and seek community solutions and education opportunities.

The **Louisiana Asthma Management Program (LAMP)** is an initiative through Louisiana Department of Health and Hospitals that focuses on asthma education and works to involve school systems in developing asthma friendly schools.

The **Nurse Family Partnership** program is funded through the Louisiana Department of Health and Hospitals—Office of Public Health/Maternal and Child Health. The Coalition administers one team of two RNs who implement this home visiting program in Morehouse and Ouachita Parishes. This program is for first time mothers and can work with the family for up to two years. This program combines health care, parent education and connection to community resources for these families.

The **Child Health and Safety Program** is funded through a grant from the Living Well Foundation. A Child Safety Coordinator conducts training and education sessions through five parishes in the region. Significant outreach to the Hispanic population is part of this initiative. The coordinator does training on car seat safety, safe sleep and water safety. The program involves providing car seats and pack and plays to anyone eligible.

Early Childhood Education

Northeast Louisiana Child Care Connections: This initiative provides the child care resource and referral agency for the 12 parishes in northeast Louisiana. Louisiana Department of Children and Family Services provides funding for these efforts through Child Development Block Grant funds.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Child Care Connections provides: consumer education and referral services; training for child care providers and staff, and technical assistance in child care centers and in family child care homes. A major focus is providing support for centers who voluntarily participate in the Quality Start rating system for child care. As the resource and referral agency, the Children's Coalition is eligible to receive Louisiana School Readiness Tax Credit funds from businesses and corporations to support child care and the Quality Start Rating System.

Mental Health Consultation: A mental health consultant is made available to child care centers for up to six months to work with staff to improve the social emotional development of children in child care centers. This effort is funded through the Tulane Institute for Infant and Early Childhood Mental Health from a grant with the Louisiana Department of Children and Family Services.

AI's Pals: Kids Making Healthy Choices: Funded through the LA Department of Health and Hospitals-Office of Behavioral Health and with a partnership with Monroe City Schools and their Striving Readers Comprehensive Literacy grant, AI's Pals is a life skills program for 4 year olds. Every student in the preschool program of Monroe City Schools as well as 4 year olds in ten child care centers are involved in this program. The program has been expanded with increased funding from DHH-OBH to include every 4 year old in Ouachita Parish Schools, Morehouse Parish Schools, and Lincoln Parish Head Start.

Early Development Instrument: In a pilot program for the Louisiana Early Childhood Advisory Committee (Bright Start), the Early Development Instrument was implemented in Morehouse and Union Parishes. Funding and coordination for this initiative came from Tulane University. The EDI operates through UCLA in partnership with Tulane and LSU. These two parishes were two of four sites for the state. The EDI involves teachers surveying kindergarten students concerning their development and tying the results back to the neighborhoods. Results are mapped with community assets identified. This research becomes the basis for community planning around early childhood development in preparing children for success.

Youth Development

Louisiana Partnership for Youth Suicide Prevention Coalition and Teen Screen:

The Louisiana Youth Suicide Prevention Coalition was formed with funding from LA-DHH-Office of Behavioral Health in response to a suicide cluster in Ouachita Parish. The Coalition has expanded to include Morehouse Parish. Trainings in ASIST and Safe Talk are conducted, training providers and peers on how to talk about suicide and identify those at risk. Teen Screen has been incorporated into this effort. Teen Screen provides a basic mental health screening for students selected schools where suicide has become a concern. Any student screened at risk for depression or suicide is referred to services within the community. Additional funding for Teen Screen has been provided by the Junior League of Monroe, Sisters of Charity of the Incarnate Word and private donors.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MacArthur Models for Change Initiative: The MacArthur Foundation provided funding through the Baton Rouge Area Foundation for the continuation of the Models for Change in Juvenile Justice. Efforts in this phase involved prioritizing community program needs for youth and engaging community partners to select evidence based programs to meet those needs. Emphasis was placed on implementing and sustaining efforts post MacArthur funding.

Family Support Organization—Coordinated System of Care: This region was selected to be part of the phase in of a new managed care system of behavioral health for youth in danger of entering the child welfare and/or the juvenile justice systems. The role of the Family Support Organization was to work the Wraparound Agency to establish this new system. As the FSO, the Coalition worked with families and youth in navigating the very complicated systems that are designed to help youth—the juvenile justice, child welfare, medical, educational and mental health systems. Funding for this program came from Louisiana Department of Health and Hospitals—Office of Behavioral Health and Magellan Health Services. The Magellan contract involved the use of Medicaid reimbursement for services provided.

The contracts for the Family Support Organization with Louisiana Department of Health and Hospitals, Office of Behavioral Health and Magellan Health were terminated by the Children's Coalition on August 1, 2012. The Children's Coalition continued to provide limited services for families for 30 days as specified under the contract and ceased involvement with the Coordinated System of Care as of September 1, 2012. It was determined and later verified by DHH that the funding model for the FSOs was based on a formula that created unrealistic expectations for employees in providing face to face contact with clients in a 40 hour work week. Subsequently, DHH has changed the model, has applied for increased Medicaid reimbursement and has released an RFP for one statewide group to manage FSO services statewide. The Children's Coalition made relevant reductions in staff, terminated the lease on office space for 3,300 square feet of space, and reduced the administrative staff and salaries to adjust to the reduction in organizational budget.

Parenting Initiative:

The Parenting initiative is partially funded through a Louisiana Children's Trust Fund and the Sisters of Charity of the Incarnate Word Fund and general funds. This program develops parent training opportunities in the community to enhance childhood literacy, quality care, success in school and strengthening the family. A support group for pregnant and parenting teens called Just 4 Me has been an outgrowth of these efforts with leadership from the Parent Education Director.

I. Income Taxes

The Coalition is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code but must file an annual return with the Internal Revenue Service that contains information on its financial operations. The Coalition is required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it continues to qualify as a tax exempt entity. It must also consider whether it has nexus in jurisdictions in which it has income and whether a tax return is

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

required in those jurisdictions. In addition, as a tax exempt entity, the Coalition must assess whether it has any tax positions associated with unrelated business income subject to income tax. The Coalition does not expect any of these tax positions to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in the Coalition's accounting records.

The Coalition is required to file U.S. federal Form 990 for informational purposes. Its federal income tax returns for the tax years 2009 and beyond remain subject to examination by the Internal Revenue Service.

As of June 30, 2013, the Coalition had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Contributions to the Coalition are tax deductible within the limitations prescribed by the Code.

J. Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Coalition considers demand deposits, time deposits and certificates of deposit with an original maturity of three months or less to be cash equivalents.

K. Accounts Receivable - Grants

Accounts receivable - Grants is stated at the amount management expects to collect from outstanding balances.

L. Reclassifications

Certain amounts in 2012 have been reclassified to conform to the 2013 presentation.

M. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 those estimates.

N. Advertising Costs

Advertising costs are expensed as incurred. Advertising costs totaled \$17,473 and \$19,124 for the years ended June 30, 2013 and 2012, respectively.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 3 - FURNITURE AND EQUIPMENT

Furniture and Equipment consisted of the following at June 30:

	<u>2013</u>	<u>2012</u>
Furniture and Equipment	\$ 230,592	\$ 283,776
Less: Accumulated Depreciation	<u>(132,703)</u>	<u>(154,764)</u>
NET FURNITURE AND EQUIPMENT	<u>\$ 97,889</u>	<u>\$ 129,012</u>

The furniture and equipment serves as collateral for the notes payable – bank line of credit as discussed in Note 7.

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30 consist of the following:

	<u>2013</u>	<u>2012</u>
Youth Development	\$ 28,191	\$ 13,050
Healthcare	4,893	15,855
Parenting	-	30,492
Total	<u>\$ 33,084</u>	<u>\$ 59,397</u>

NOTE 5 - LEASES

During the year ended June 30, 2013, the Coalition had two capital leases. One of the capital leases is for a network server. The economic substance of this lease is that the Coalition is financing the acquisition of the network server through the lease. The network server is recorded as an asset and the lease is recorded as a liability. The other capital lease on an ultra sound machine was paid off in May, 2013. This asset has been transferred to the Ouachita Parish Public Health Department which paid for the machine.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 5 - LEASES (Continued)

The following is an analysis of the leased assets included in furniture and equipment at June 30:

	<u>2013</u>	<u>2012</u>
Equipment Under Capital Lease	\$ 24,355	\$ 40,689
Less: Accumulated Depreciation	<u>(6,762)</u>	<u>(22,762)</u>
Total	<u>\$ 17,593</u>	<u>\$ 17,927</u>

The future minimum lease payments under the capital lease and the net present value of the future minimum lease payments at June 30, 2013 are as follows:

Total minimum lease payments	\$ 15,156
Amount representing interest	<u>(952)</u>
Present value of net minimum lease payments	14,204
Current portion	<u>8,308</u>
Long-term capital lease obligation	<u>\$ 5,896</u>

The Coalition leases its copy machine under a noncancelable operating lease expiring in 2015.

The Coalition leases office space under a lease that was signed and commenced on July 12, 2007. Beginning in March, 2011, the Coalition took over another suite of rooms resulting in an increase of the monthly rental payment. Due to the termination of the FSO contract, the additional space was no longer needed and the lease for the additional space was terminated as of September 1, 2012. The lease returned to the original terms of the contract. The rent per month is \$5,250 with a lease term ending on March 31, 2016.

The minimum rental under all leases having an initial or remaining term in excess of one year from June 30, 2013, are approximated as follows:

<u>Year Ending</u>	<u>Amount</u>
2014	63,000
2015	63,000
2016	<u>15,750</u>
Total	<u>\$ 141,750</u>

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

NOTE 5 – LEASES (Continued)

Total lease and rent expense for the year ended June 30, 2013 and 2012, was \$ 75,248 and \$102,276 which includes In-Kind contributions of office space and meeting rooms of \$4,392 and \$8,010 respectively.

NOTE 6 – FINANCIAL INSTRUMENTS

FAIR VALUES

The Coalition's financial instruments consist of cash (restricted and unrestricted), receivables, accounts payable, other current liabilities, and the line of credit. The carrying values of these instruments approximate their fair values.

CONCENTRATIONS OF CREDIT RISK

The Coalition has concentrated credit risk for cash by maintaining deposits in one bank. At June 30, 2013 and 2012 there were no deposits in excess of the deposit liabilities reported by the bank over the amount that would have been covered by federal insurance.

COLLATERALIZATION POLICY

The Coalition does not require collateral to support financial instruments subject to credit risk unless otherwise disclosed.

NOTE 7 – NOTES PAYABLE

The Coalition has an agreement with a financial institution for a \$200,400 line of credit collateralized by equipment, accounts receivable and grant income. The principal balance outstanding June 30, 2013 and 2012 was \$148,170 and \$151,259.

The interest rate on this note is subject to change from time to time based on changes in an independent index which is the New York Prime. The index currently is 3.25% per annum. The Coalition will pay this loan in full immediately upon demand. If no demand is made, the Coalition will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on July 23, 2013. The Coalition will pay regular monthly payments of all accrued unpaid interest due as of each payment date.

At June 30, 2012, the Coalition had an agreement with a financial institution for a \$50,250 line of credit collateralized by equipment, accounts receivable and grant income. The balance outstanding at June 30, 2012 of \$10,000 was paid in full during the current year and this agreement has been terminated.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 8 - DISCLOSURES ABOUT CONCENTRATIONS

The Coalition receives the majority of its revenue in the form of grants from various Federal and State agencies. These grants are subject to review by the grantor agencies, which could result in disallowed costs, and there are no guarantees as to future funding.

NOTE 9 – RISK OF LOSS

The Coalition is exposed to a variety of risks that may result in losses. These risks may include possible loss from acts of God, injury to employees, property damage, or breach of contract. The Coalition finances these potential losses through purchasing insurance. The level of coverage has remained constant.

NOTE 10 – SUBSEQUENT EVENTS

The line of credit loan with Community Trust Bank was renewed on July 24, 2013 and will mature on July 23, 2014. The available amount is \$200,400.

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through November 30, 2013, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

RESTRICTED											Total
Nurse Family Partnership	Sisters of Charity	Sisters of Charity Teen Screen	Living Well FFF	Living Well Foundation	EDI	Children's Trust Fund	MacArthur Foundation/ PEP	Junior League Teen Screen	United Way Teen Screen	Total Restricted	Fund Balance
\$ -	\$ 30,492	\$ -	\$ 5,021	\$ 10,834	\$ -	\$ -	\$ 1,050	\$ 10,000	\$ 2,000	\$ 59,397	\$ 211,480
132,588	-	25,000	5,971	63,894	9,438	11,984	-	-	-	1,174,455	1,580,266
<u>(120,992)</u>	<u>(25,263)</u>	<u>(3,598)</u>	<u>(6,107)</u>	<u>(62,243)</u>	<u>(8,654)</u>	<u>(7,309)</u>	<u>-</u>	<u>(5,211)</u>	<u>-</u>	<u>(1,091,896)</u>	<u>(1,551,753)</u>
<u>11,596</u>	<u>(25,263)</u>	<u>21,402</u>	<u>(136)</u>	<u>1,651</u>	<u>784</u>	<u>4,675</u>	<u>-</u>	<u>(5,211)</u>	<u>-</u>	<u>82,559</u>	<u>28,513</u>
<u>(11,596)</u>	<u>(5,229)</u>	<u>-</u>	<u>(4,885)</u>	<u>(7,592)</u>	<u>(784)</u>	<u>(4,675)</u>	<u>(1,050)</u>	<u>-</u>	<u>-</u>	<u>(108,872)</u>	<u>-</u>
\$ -	\$ -	\$ 21,402	\$ -	\$ 4,893	\$ -	\$ -	\$ -	\$ 4,789	\$ 2,000	\$ 33,084	\$ 239,993

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
SCHEDULE OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

	UNRESTRICTED										
	Undesignated	Designated									
	General	School Readiness Tax Credit	DHH - OAD	DHH - M	DHH - Asthma	DHH - OBH Teen Screen	DHH- Child Safety	DHH- FSO/ Magellan	DCFS- CCR	Living Well FFF	Kohl's
Fund Balance July 1, 2011	\$ 62,593	\$ 60,976	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income	174,431	149,750	91,335	105,000	24,971	50,536	18,107	244,244	489,440	13,725	1,500
Expenditures	(227,294)	(99,133)	(85,232)	(104,727)	(25,584)	(43,349)	(17,963)	(258,664)	(489,024)	(8,704)	(1,500)
Net Income (Loss)	(52,863)	50,617	6,103	273	(613)	7,187	144	(14,420)	416	5,021	-
Capital and Other Transfers	53,223	(22,463)	(6,103)	(273)	613	(7,187)	(144)	14,420	(416)	-	-
Fund Balance June 30, 2012	\$ 62,953	\$ 89,130	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,021	\$ -

RESTRICTED													Total
Tulane - MH	OPH - FMR	Sisters of Charity	Scott Foundation	Children's Trust Fund	MCS/ Safe Schools	Nurse Family Partnership	Junior League Teen Screen	Living Well Foundation	United Way Teen Screen	MacArthur Foundation	MacArthur Foundation/ PEP	Total Restricted	Fund Balance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,571	\$ 15,571	\$ 139,140
69,169	57,240	40,000	10,000	29,268	5,282	132,029	10,000	44,000	2,000	3,255	-	1,441,101	1,765,282
(64,339)	(46,785)	(9,508)	(9,842)	(29,384)	(5,306)	(120,235)	-	(32,446)	-	(1,717)	(12,206)	(1,366,515)	(1,692,942)
4,830	10,455	30,492	158	(116)	(24)	11,794	10,000	11,554	2,000	1,538	(12,206)	74,586	72,340
(4,830)	(10,455)	-	(158)	116	24	(11,794)	-	(720)	-	(1,538)	(2,315)	(30,760)	-
\$ -	\$ -	\$ 30,492	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,834	\$ 2,000	\$ -	\$ 1,050	\$ 59,397	\$ 211,480

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Agency Name	Pass Through Agency	Federal Program Title	CFDA Number	Other Identification Number	Revenue Recognized	Federal Expenditures
United States Department of Health and Human Services Administration for Children and Families	Bureau of Primary Care and Rural Health Asthma Management and Prevention Program			5U59EH000526-02	2,640	2,640
United States Department of Health and Human Services Health Resources and Services Administration	State of Louisiana Office of Public Health	Maternal and Child Health Services Block Grant to the States	93.994		58,365	58,365
United States Department of Health and Human Services Health Resources and Services Administration	State of Louisiana Office of Public Health	Maternal and Child Health Services Block Grant to the States	93.994		132,588	132,588
United States Department of Health and Human Services Substance Abuse and Mental Health Services Administration	State of Louisiana Dept of Health & Hospitals - Office of Behavioral Health	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	93.243		49,816	49,816
United States Department of Health and Human Services Administration for Children and Families	Tulane Education Fund/Dept. of Psychiatry and Behavioral Sciences - Early Childhood Community Assessment Pilot	Child Care and Development Block Grant	93.596 93.575		9,438	9,438
United States Department of Health and Human Services Administration for Children and Families	State of Louisiana Dept. of Children and Family Services	Child Care and Development Block Grant	93.596 93.575		505,711	505,711
United States Department of Health and Human Services Administration for Children and Families	State of Louisiana Dept. of Children and Family Services	Community-Based Child Abuse Prevention Grants	93.590		11,985	11,985
Total Pass Through Awards					770,543	770,543
Total Grants - Federal					\$ 770,543	\$ 770,543

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2013

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Children's Coalition for Northeast Louisiana, Inc. and is presented on the accrual basis of accounting, which is the same basis of accounting used for the presentation of the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*.

Children's Coalition for Northeast Louisiana, Inc. did not expend any federal awards in the form of noncash assistance during the fiscal year.

OTHER REPORTS

HEARD, McELROY, & VESTAL

LLC

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December 9, 2013

The Board of Directors
Children's Coalition for Northeast Louisiana, Inc.
Monroe, Louisiana

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*

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Children's Coalition for Northeast Louisiana, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Children's Coalition for Northeast 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 Children's Coalition for Northeast Louisiana, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Children's Coalition for Northeast 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 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. 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.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Heard, McElroy & Vestal, LLC

HEARD, McELROY, & VESTAL

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December 9, 2013

The Board of Directors
Children's Coalition for Northeast Louisiana, Inc.
Monroe, Louisiana

Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by OMB Circular A-133

Report on Compliance for Each Major Federal Program

We have audited the Children's Coalition for Northeast Louisiana, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Children's Coalition for Northeast Louisiana, Inc.'s major federal programs for the year ended June 30, 2013. Children's Coalition for Northeast Louisiana, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Children's Coalition for Northeast Louisiana, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit 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 OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we 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 the Children's Coalition for Northeast Louisiana, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Children's Coalition for Northeast Louisiana, Inc.'s compliance.

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Opinion on Each Major Federal Program

In our opinion, the Children's Coalition for Northeast Louisiana, 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 its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Children's Coalition for Northeast Louisiana, 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 our audit of compliance, we considered the Children's Coalition for Northeast Louisiana, 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Children's Coalition for Northeast Louisiana, 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 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.

Our 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we 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 our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Heard, McElroy & Vestal, LLC
Monroe, Louisiana

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2013

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Children's Coalition for Northeast Louisiana, Inc.
2. No instances of noncompliance material to the basic financial statements of Children's Coalition for Northeast Louisiana, Inc. were disclosed during the audit.
3. No material weaknesses in internal control over compliance, relating to the audit of a major federal award program, are reported.
4. The auditor's report on compliance for the major federal award programs for Children's Coalition for Northeast Louisiana, Inc. expresses an unmodified opinion.
5. There were no audit findings relative to major federal award programs for Children's Coalition for Northeast Louisiana, Inc.
6. The programs tested as major programs included:

<u>Program</u>	<u>CFDA No.</u>
DHHS – Child Care and Development Block Grant	93.575 & 93.596

7. The threshold for distinguishing Types A and B programs was \$300,000.
8. Children's Coalition for Northeast Louisiana, Inc. was determined to be a low-risk auditee.

B. Findings - Financial Statement Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs

None

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2013

No findings were reported as a result of the prior year's audit.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

MANAGEMENT'S CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2013

No findings were reported for the current year.