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**CENTER FOR CHILDREN AND FAMILIES, INC.**

*Financial Statements  
For the Years Ended June 30, 2006 and 2005*

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-31-07



CENTER FOR CHILDREN AND FAMILIES, INC.  
FINANCIAL REPORT  
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

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## INDEPENDENT AUDITORS' REPORT

Board of Directors of  
Center for Children and Families, Inc.  
Monroe, Louisiana

We have audited the accompanying statement of financial position of Center for Children and Families, Inc., as of June 30, 2006, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Center for Children and Families, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Center for Children and Families, Inc. were audited by other auditors whose report was dated November 8, 2005, and expressed an unqualified opinion on those statements.

We conducted our 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. 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 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for Children and Families, Inc., as of June 30, 2006, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2006, on our consideration of Center for Children and Families, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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* and should be considered in assessing the results of our audit.

Board of Directors of  
Center for Children and Families, Inc.  
Page 2

Our audit was performed for the purpose of forming an opinion on the financial statements of Center for Children and Families, Inc., taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

*Cameron, Hines & Hartt (APAC)*

West Monroe, Louisiana  
November 6, 2006

CENTER FOR CHILDREN AND FAMILIES, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2006 AND 2005

ASSETS

	2006	2005
Current Assets:		
Cash	\$ 154,699	\$ 13,073
Accounts Receivable	-	5,494
Grants Receivable	207,743	265,640
Total Current Assets	362,442	284,207
Property and Equipment:		
Furniture and Equipment	96,440	50,213
Less: Accumulated Depreciation	(20,870)	(6,843)
Net Property and Equipment	75,570	43,370
Other Assets:		
Refundable Deposits	-	300
 <u>TOTAL ASSETS</u>	 \$ 438,012	 \$ 327,877

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accrued Payroll Taxes and Expenses	\$ 4,110	\$ 10,027
Line of Credit	140	35
Total Current Liabilities	4,250	10,062
Net Assets:		
Unrestricted	433,762	316,466
Temporarily Restricted	-	1,349
Total Net Assets	433,762	317,815
 <u>TOTAL LIABILITIES AND NET ASSETS</u>	 \$ 438,012	 \$ 327,877

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

CENTER FOR CHILDREN AND FAMILIES, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

<u>PUBLIC SUPPORT, GRANT REVENUE AND OTHER SUPPORT</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
			<u>2006</u>	<u>2005</u>
Government Grants and Contracts	\$ 1,911,506	\$ -	\$ 1,911,506	\$1,214,026
Contributions	30,529	-	30,529	24,016
Fundraising	90,134	-	90,134	86,834
Net Assets Released from Restrictions	1,349	(1,349)	-	-
<b><u>TOTAL PUBLIC SUPPORT, GRANT REVENUE AND OTHER SUPPORT</u></b>	<b>2,033,518</b>	<b>(1,349)</b>	<b>2,032,169</b>	<b>1,324,876</b>
 <b><u>EXPENSES</u></b>				
Program Services:				
TANF	732,699	-	732,699	599,391
Family Foundation	885,018	-	885,018	339,223
CJA	12,119	-	12,119	6,798
IOLTA	-	-	-	4,503
VOCA	38,281	-	38,281	19,183
Children's Advocacy Centers of Louisiana	19,193	-	19,193	-
National Children's Alliance	33,395	-	33,395	-
Other	5,000	-	5,000	5,000
Total Program Services	<u>1,725,705</u>	<u>-</u>	<u>1,725,705</u>	<u>974,098</u>
Management and General	177,984	-	177,984	50,340
Fundraising	32,310	-	32,310	33,438
<b><u>TOTAL EXPENSES</u></b>	<b><u>1,935,999</u></b>	<b><u>-</u></b>	<b><u>1,935,999</u></b>	<b><u>1,057,876</u></b>
<b><u>INCREASE (DECREASE) IN NET ASSETS</u></b>	<b>97,519</b>	<b>(1,349)</b>	<b>96,170</b>	<b>267,000</b>
<b><u>NET ASSETS AT BEGINNING OF YEAR (RESTATED)</u></b>	<b><u>336,243</u></b>	<b><u>1,349</u></b>	<b><u>337,592</u></b>	<b><u>50,815</u></b>
<b><u>NET ASSETS AT END OF YEAR</u></b>	<b><u>\$ 433,762</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 433,762</u></b>	<b><u>\$ 317,815</u></b>

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

CENTER FOR CHILDREN AND FAMILIES, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005.

	PROGRAM SERVICES					
	TANF	Family Foundation	CJA	IOLTA	VOCA	La. CAC
Advertising/Promotion	\$ 15,515	\$ -	\$ -	\$ -	\$ -	\$ -
Dues and Subscriptions	600	-	-	-	-	-
Fundraising Events	-	-	-	-	-	-
Insurance	54,707	44,632	-	-	1,755	1,543
Interest	-	-	-	-	-	-
Legal and Professional	-	-	-	-	-	-
Meetings/Seminars	14,231	46,709	6,919	-	-	-
Miscellaneous	-	3,476	-	-	-	-
Office	26,476	31,224	-	-	-	-
Postage	7,725	622	-	-	-	-
Project Coordination	475,763	680,988	5,200	-	36,526	17,650
Rent	41,206	11,113	-	-	-	-
Repairs and Maintenance	21,558	8,622	-	-	-	-
Training	32,262	29,534	-	-	-	-
Utilities	42,656	28,098	-	-	-	-
Depreciation	-	-	-	-	-	-
Total Expenses, year ended June 30, 2006	<u>\$ 732,699</u>	<u>\$ 885,018</u>	<u>\$ 12,119</u>	<u>\$ -</u>	<u>\$ 38,281</u>	<u>\$ 19,193</u>
Total Expenses, year ended June 30, 2005	<u>\$ 599,391</u>	<u>\$ 339,223</u>	<u>\$ 6,798</u>	<u>\$ 4,503</u>	<u>\$ 19,183</u>	<u>\$ -</u>

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

National Children's Alliance	La. Children's Trust Fund	Total Program Services	Management and General	Fundraising	TOTALS	
					2006	2005
\$ -	\$ -	\$ 15,515	\$ 298	\$ -	\$ 15,813	\$ 8,912
-	-	600	-	-	600	545
-	-	-	-	20,810	20,810	13,986
3,624	-	106,261	3,200	-	109,461	56,742
-	-	-	1,906	-	1,906	3,031
-	-	-	699	-	699	12,322
-	-	67,859	5,122	-	72,981	42,873
-	-	3,476	14,069	-	17,545	4,566
-	-	57,700	22,779	-	80,479	24,050
-	-	8,347	398	-	8,745	5,893
29,771	5,000	1,250,898	57,084	10,000	1,317,982	716,989
-	-	52,319	-	-	52,319	55,175
-	-	30,180	34,964	1,500	66,644	30,449
-	-	61,796	22,701	-	84,497	38,865
-	-	70,754	737	-	71,491	38,389
-	-	-	14,027	-	14,027	5,089
<u>\$ 33,395</u>	<u>\$ 5,000</u>	<u>\$ 1,725,705</u>	<u>\$ 177,984</u>	<u>\$ 32,310</u>	<u>\$ 1,935,999</u>	
<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 974,098</u>	<u>\$ 50,340</u>	<u>\$ 33,438</u>		<u>\$ 1,057,876</u>



**CENTER FOR CHILDREN AND FAMILIES, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
<b>Cash Flows from Operating Activities:</b>		
Increase in Net Assets	\$ 96,170	\$ 267,000
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
<b>Changes in Assets and Liabilities:</b>		
Depreciation	14,027	5,089
(Increase) Decrease in Accounts Receivable	5,494	(5,494)
(Increase) Decrease in Grants Receivable	77,674	(184,665)
Decrease in Refundable Deposits	300	-
Increase (Decrease) in Accrued Expenses	(5,917)	3,641
<b>Net Cash Provided by Operating Activities</b>	<u>187,748</u>	<u>85,571</u>
 <b><u>Cash Flows from Investing Activities:</u></b>		
Purchase of Property and Equipment	(46,227)	(48,309)
<b>Net Cash Used by Investing Activities</b>	<u>(46,227)</u>	<u>(48,309)</u>
 <b><u>Cash Flows from Financing Activities:</u></b>		
Proceeds from Line of Credit	190,945	778,300
Payments on Line of Credit	(190,840)	(803,323)
<b>Net Cash Provided (Used) by Financing Activities</b>	<u>105</u>	<u>(25,023)</u>
 <b><u>Increase in Cash and Cash Equivalents</u></b>	<u>141,626</u>	<u>12,239</u>
 <b><u>Cash at Beginning of Year</u></b>	<u>13,073</u>	<u>834</u>
 <b><u>CASH AND CASH EQUIVALENTS, END OF YEAR</u></b>	<u>\$ 154,699</u>	<u>\$ 13,073</u>

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

CENTER FOR CHILDREN AND FAMILIES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

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

Nature of Activities

Center for Children and Families, Inc. (CFCF) is a nonprofit public service association organized under the laws of the State of Louisiana on February 8, 1999. CFCF was organized for the advocacy of children in the court and foster care systems within the Fourth District of Louisiana, and to do any and all things germane, incidental, and necessary to carry out these purposes into full effect. Revenues are derived primarily from the State of Louisiana, contributions from the general public, and fundraising efforts. On January 13, 2004, Center for Children and Families, Inc. changed its legal name from CASA of Northeast Louisiana, Inc. (Court Appointed Special Advocates) to better represent to the public its functions of helping youth and juvenile offenders and their families.

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 those estimates.

Basis of Accounting

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

Basis of Presentation

CFCF has adopted Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Made*, and SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*. Accordingly, the net assets of CFCF and changes therein are classified and reported as follows:

*Unrestricted Net Assets* – Net assets that are not subject to donor-imposed stipulations.

*Temporarily Restricted Assets* – Net assets subject to donor-imposed stipulations that may or will be met either by actions of CFCF and/or passage of time. As of June 30, 2006 and 2005 there was \$0 and \$1,349 in temporarily restricted assets, respectively.

*Permanently Restricted Net Assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by CFCF. Generally, the donors of these assets permit CFCF to use all of, or part of, the income earned on the related investments for general or specific purposes. As of June 30, 2006 and 2005, there were no permanently restricted net assets.

CENTER FOR CHILDREN AND FAMILIES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Con't)

Grants Receivable

Grants receivable represent amounts that have been expensed for grant purposes and are to be reimbursed in full by the grantor and have been promised over the next twelve months.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method:

	<u>Years</u>
Furniture and Equipment	5

Public Support and Revenue

Annual contributions are recorded as revenue when received and are generally available for unrestricted use unless specifically restricted by the donor.

Grant income is deferred until the revenue is received. Unreimbursed expenses are recorded as income and as grants receivable when requests for reimbursement are submitted to the grants.

Contributions of donated non-cash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values.

Note 2 - Cash and Cash Equivalents

CFCF maintains its cash balance in a local financial institution. At June 30, 2006, the bank balance was \$220,009, of which \$120,009 was uninsured by the Federal Deposit Insurance Corporation.

Note 3 - Income Taxes

CFCF is a nonprofit corporation exempted from federal income taxes under Sec. 501(c)(3) of the Internal Revenue Code.

CENTER FOR CHILDREN AND FAMILIES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

Note 4 - Grants Receivable

Grants receivable consisted of the following at June 30, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
TANF Grant	\$ 75,321	\$ 52,114
Family Foundation	103,131	212,323
Children's Justice Act	833	1,203
La. Children's Trust Fund	5,000	-
VOCA (Victims of Criminal Acts)	19,152	-
La. Children's Advocacy Centers	<u>4,306</u>	<u>-</u>
Total Grants Receivable	<u>\$ 207,743</u>	<u>\$ 265,640</u>

Note 5 - Property and Equipment

A summary of land, buildings, equipment and accumulated depreciation at June 30, 2006 and 2005 is as follows:

	<u>2006</u>	<u>2005</u>
Furniture & Equipment	96,440	50,213
Accumulated Depreciation	<u>( 20,870)</u>	<u>( 6,843)</u>
Net Property and Equipment	<u>\$ 75,570</u>	<u>\$ 43,370</u>

Depreciation expense for the years ended June 30, 2006 and 2005 was \$14,027 and \$5,089, respectively.

Note 6 - Lease Expense

CFCF has a three year operating lease for the main office in Monroe, LA for \$2,688 per month. This lease terminates on June 30, 2008. CFCF also has a twelve month lease for their Farmerville office for \$400 per month, ending on September 30, 2006. This lease was renewed for another twelve months. At June 30, 2006 CFCF had a six month lease for their Rayville office for \$850 per month. This lease was renewed for twelve months at June 30, 2006.

Minimum future rental payments under non-cancelable operating leases as of June 30, 2006, are as follows:

June 30, 2007	47,256
2008	<u>33,456</u>
Total	<u>\$ 80,712</u>

CENTER FOR CHILDREN AND FAMILIES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

Note 7 - Prior Period Adjustment

In July 2005, the Center for Children and Families, Inc. received grant income in the amount of \$19,777. This amount was reimbursement for expenditures that were incurred during the three month period April – June, 2005. The revenue should have been recorded as grant receivable for the year ended June 30, 2005. An adjustment was made to unrestricted net assets in order to properly match grant revenue with grant expenditures for the year ended June 30, 2005. The adjustment had the following effect on beginning net assets:

Net Assets at July 1, 2005	\$ 317,815
Adjustment	<u>19,777</u>
Net Assets at July 1, 2005, Restated	<u>\$ 337,592</u>

CENTER FOR CHILDREN AND FAMILIES, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2006

<u>Federal Grants/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Agency or Pass - Through Number</u>	<u>Expenditures</u>
<b>Department of Health and Human Services</b>			
Temporary Assistance for Needy Families	93.558	None	* \$ 753,379
Children's Justice Act	93.643	617680 631733	8,769 <u>2,500</u> 11,269
<b>Department of Justice</b>			
Victims of Criminal Acts (VOCA)	16.575	C05-2-005	<u>32,070</u>
			<u>\$ 796,718</u>

1. General

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Center for Children and Families, Inc. All federal award programs received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

2. Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the CFCF's 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 Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

\*Denotes Major Federal Assistance Program.

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

Board of Directors of  
Center for Children and Families, Inc.

We have audited the financial statements of Center for Children and Families, Inc. as of and for the year ended June 30, 2006 and have issued our report thereon dated November 6, 2006. We conducted our 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 our audit, we considered Center for Children and Families, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Center for Children and Families, 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 that are required to be reported under *Government Auditing Standards*.

Board of Directors  
Center for Children and Families, Inc.  
Page 2

This report is intended solely for the information and use of the board of directors, management, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Cameron, Hines & Hartt (APAC)*

West Monroe, Louisiana  
November 6, 2006



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## **REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors  
Center for Children and Families, Inc.

### **Compliance**

We have audited the compliance of Center for Children and Families, Inc. with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. Center for Children and Families, Inc.'s major federal programs are identified in the accompanying Schedule of Expenditures of Federal Awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Center for Children and Families, Inc.'s management. Our responsibility is to express an opinion on Center for Children and Families, Inc.'s compliance based on our audit.

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 Center for Children and Families, Inc.'s compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination in Center for Children and Families, Inc.'s compliance with those requirements.

In our opinion, the Center for Children and Families, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

### **Internal Control Over Compliance**

The management of Center for Children and Families, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Center for Children and Families, Inc.'s internal control over compliance with requirements that could have a material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors, management, the Louisiana Legislative Auditor, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Cameron, Hines & Hartt (APAC)*

West Monroe, Louisiana  
November 6, 2006

CENTER FOR CHILDREN AND FAMILIES, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006

**A. Summary of Audit Results**

1. The auditors' report expresses an unqualified opinion on the financial statements of Center for Children and Families, Inc.
2. No reportable conditions relating to the audit of the financial statements are reported.
3. No instances of noncompliance material to the financial statements of Center for Children and Families, Inc. were disclosed during the audit.
4. No reportable conditions relating to the audit of a major federal award program are reported.
5. The auditors' report on compliance for the major federal award programs for Center for Children and Families, Inc. expresses an unqualified opinion.
6. There were no findings relative to major federal award programs for Center for Children and Families, Inc.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA No.</u>
TANF (Temporary Assistance for Needy Families)	93.558

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Center for Children and Families, Inc. was not determined to be a low-risk auditee.
10. No management letter was issued related to the financial statements for the year ended June 30, 2006.

**B. Findings and Questioned Costs – Financial Statements Audit**

None

**C. Findings and Questioned Costs – Major Federal Award Programs**

None

CENTER FOR CHILDREN AND FAMILIES, INC.  
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006

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

A management letter was issued as a result of the prior year's audit

**ML-2005-01**

**Finding:**

Center for Children and Families, Inc. does not have an employer sponsored health insurance plan. In its place, the Organization issues monthly checks up to a maximum amount of \$300 to employees who have obtained health insurance through individual policies or through outside sources. The amounts paid to employees are characterized as fringe benefits and are not included in employee wages.

**Recommendation:**

Any fringe benefit provided by the Organization is taxable and must be included in employee W-2 income as part of compensation for personal services unless the law specifically excludes it. As such, the benefit would also be subject to employment taxes.

We recommend that management research this matter further and determine whether current treatment of these expenses is in compliance with federal employment laws. If appropriate, the Organization should consider including these reimbursements as part of employee wages.

**Management's Corrective Action Plan:**

Management researched the matter further and found that reimbursements to employees who have obtained health insurance through individual policies or through outside sources can be excluded from the employees' gross wages according to Rev. Rul. 61-146, 1961-2 CB 25.