

**CHILDREN'S COALITION
FOR NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA
JUNE 30, 2018 AND 2017**

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

MONROE, LOUISIANA

JUNE 30, 2018 AND 2017

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-20
SUPPLEMENTARY INFORMATION	
Schedules of Changes in Net Assets	21-22
Schedule of Expenditures of Federal Awards	23
Notes to the Schedule of Expenditures of Federal Award	24
Schedule of Compensation, Benefits, and other Payments to Agency Head	25
OTHER REPORTS	
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 <i>Government Auditing Standards</i>	26-27
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required By the Uniform Guidance	28-29
Schedule of Findings and Questioned Costs	30
Summary Schedule of Prior Audit Findings	31
Management's Corrective Action Plan	32

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

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of Children's Coalition for Northeast Louisiana, Inc. (a nonprofit Louisiana corporation) which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of changes in net assets and the schedule of compensation, benefits and other payments to agency head 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 audits 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 taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2018, on our consideration of 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 solely 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.


Monroe, Louisiana
December 17, 2018

FINANCIAL STATEMENTS

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

	JUNE 30	
	2018	2017
ASSETS		
Cash	\$ 1,126,886	\$ 944,672
Accounts Receivable	446,456	359,796
Prepaid Expenses	17,907	14,730
Furniture and Equipment, net	538,261	50,442
Other Assets	8,925	-
	<u>\$ 2,138,435</u>	<u>\$ 1,369,640</u>
TOTAL ASSETS		
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable	\$ 22,707	\$ 76,690
Accrued Payroll Liabilities	36,849	30,450
Total Liabilities	<u>59,556</u>	<u>107,140</u>
Net Assets		
Net Assets - Unrestricted/Undesignated	992,478	592,848
Net Assets - Unrestricted/Designated	904,989	555,312
	<u>1,897,467</u>	<u>1,148,160</u>
Net Assets - Temporarily Restricted	181,412	114,340
Total Net Assets	<u>2,078,879</u>	<u>1,262,500</u>
	<u>\$ 2,138,435</u>	<u>\$ 1,369,640</u>
TOTAL LIABILITIES AND NET ASSETS		

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

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenues			
Donations and Sponsorships	\$ 1,144,589	\$ 75,305	\$ 1,219,894
Grants - Federal	3,765,670	59,954	3,825,624
Grants - Vendor Contracts	593,166	-	593,166
Grants - Other	-	103,492	103,492
Registration and Tuition Fees	2,818	-	2,818
Memberships	19,671	-	19,671
Interest	2,212	-	2,212
Contributions and Net Revenue from Special Events			
Special Event Revenue	1,442	-	1,442
Other Revenue	3,866	-	3,866
Total	<u>5,533,434</u>	<u>238,751</u>	<u>5,772,185</u>
Net Assets Released from Restrictions	<u>171,679</u>	<u>(171,679)</u>	<u>-</u>
Total Support and Revenue	5,705,113	67,072	5,772,185
Expenses			
Program Services			
Health Care	126,119	-	126,119
Early Childhood Education	1,395,016	-	1,395,016
Early Head Start	2,307,776	-	2,307,776
Youth Development	237,475	-	237,475
Parenting Initiative	365,012	-	365,012
Total Program Services	<u>4,431,398</u>	<u>-</u>	<u>4,431,398</u>
Supporting Services			
Management & General	449,212	-	449,212
Fund Raising	75,196	-	75,196
Total Supporting Services	<u>524,408</u>	<u>-</u>	<u>524,408</u>
Total Expenses	<u>4,955,806</u>	<u>-</u>	<u>4,955,806</u>
Change in Net Assets	749,307	67,072	816,379
NET ASSETS AT BEGINNING OF YEAR	<u>1,148,160</u>	<u>114,340</u>	<u>1,262,500</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,897,467</u>	<u>\$ 181,412</u>	<u>\$ 2,078,879</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, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenues			
Donations and Sponsorships	\$ 743,391	\$ -	\$ 743,391
In-Kind Donations at Fair Value	40,860	-	40,860
Grants - Federal	2,145,710	267,596	2,413,306
Grants - Vendor Contracts	558,285	-	558,285
Grants - Other	15,000	138,375	153,375
Registration and Tuition Fees	16,304	-	16,304
Memberships	17,140	-	17,140
Interest	1,558	-	1,558
Contributions and Net Revenue from Special Events			
Special Event Revenue	91,128	-	91,128
BP Settlement Income	152,385	-	152,385
Other Revenue	966	-	966
Total	<u>3,782,727</u>	<u>405,971</u>	<u>4,188,698</u>
Net Assets Released from Restrictions	<u>334,524</u>	<u>(334,524)</u>	<u>-</u>
Total Support and Revenue	4,117,251	71,447	4,188,698
Expenses			
Program Services			
Health Care	94,349	-	94,349
Early Childhood Education	1,332,768	-	1,332,768
Early Head Start	1,213,284	-	1,213,284
Youth Development	267,610	-	267,610
Parenting Initiative	336,959	-	336,959
Total Program Services	<u>3,244,970</u>	<u>-</u>	<u>3,244,970</u>
Supporting Services			
Management & General	431,325	-	431,325
Fund Raising	131,461	-	131,461
Total Supporting Services	<u>562,786</u>	<u>-</u>	<u>562,786</u>
Total Expenses	<u>3,807,756</u>	<u>-</u>	<u>3,807,756</u>
Change in Net Assets	309,495	71,447	380,942
NET ASSETS AT BEGINNING OF YEAR	<u>838,665</u>	<u>42,893</u>	<u>881,558</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,148,160</u>	<u>\$ 114,340</u>	<u>\$ 1,262,500</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, 2018

	Program Services					Supporting Services			Total Expenses
	Healthy Living	Early Childhood Education	Early Head Start	Youth Development	Parenting Initiative	Total Program Services	Management & General	Fund Raising	
Salaries	\$ 53,490	\$ 578,488	\$ 996,090	\$ 107,041	\$ 276,480	\$ 2,011,589	\$ 220,989	\$ 37,030	\$ 2,269,608
Payroll Taxes	4,346	44,584	81,945	8,311	21,365	160,551	19,354	2,880	182,785
Related Benefits	1,841	60,727	78,793	9,445	22,803	173,609	28,068	2,405	204,082
Total Salaries and Related Expenses	59,677	683,799	1,156,828	124,797	320,648	2,345,749	268,410	42,315	2,656,474
Advertising	-	2,312	5,473	6,248	-	14,033	2,942	5,880	22,855
Background/Vehicle Checks	10	680	3,620	-	-	4,310	82	-	4,392
Bank Charges	-	-	-	-	-	-	4,839	-	4,839
Board Expenses	-	-	-	-	-	-	986	-	986
Community Garden	-	-	-	-	-	-	-	1,533	1,533
Computer Maintenance	836	4,488	4,526	43	267	10,160	8,151	-	18,311
Contract for Services	2,000	282,107	47,025	47,065	2,135	380,332	34,864	18,720	433,916
Dues and Subscriptions	-	7,972	7,907	-	-	15,879	11,177	-	27,056
Early Head Start Consultants & Volunteers	-	-	276,432	-	-	276,432	-	-	276,432
Equipment Lease	1,003	2,659	10,571	-	2,899	17,132	1,210	-	18,342
Fringe Benefits for Volunteers	-	-	61,790	-	-	61,790	-	-	61,790
Insurance	-	964	-	-	-	964	14,249	-	15,213
Interest	-	-	-	-	-	-	49	-	49
Internet	-	2,158	5,682	400	1,030	9,270	1,851	-	11,121
Janitorial	71	150	16,402	-	-	16,623	2,482	-	19,105
Loss on Disposal of Assets	-	-	-	-	-	-	818	-	818
Maintenance & Repairs	2,429	9,202	210,723	225	3,480	226,059	8,060	-	234,119
Meetings	-	449	1,670	9,886	61	12,066	5,753	326	18,145
Miscellaneous	-	-	-	191	-	191	230	-	421
Postage and Delivery	294	848	331	-	38	1,511	1,637	-	3,148
Printing & Reproduction	252	21,002	3,537	7,305	221	32,317	8,191	158	40,666
Professional Development	168	12,464	-	-	100	12,732	1,946	-	14,678
Professional Fees	1,500	9,322	4,546	-	-	15,368	5,970	-	21,338
Property Taxes	-	-	-	-	-	-	322	-	322
Rent	5,501	46,531	88,451	3,804	13,200	157,487	22,336	2,602	182,425
Scholarships & Grants	-	131,926	-	-	-	131,926	12,000	-	143,926
Security	-	-	6,839	-	-	6,839	504	-	7,343
Sponsorships	-	200	-	3,943	-	4,143	-	-	4,143
Supplies	11,300	90,625	265,610	13,999	8,817	390,351	20,372	2,613	413,336
Taxes & Licenses	-	-	1,175	-	-	1,175	151	-	1,326
Telephone	1,209	3,212	19,819	400	1,992	26,632	1,496	-	28,128
Training	31,344	13,117	41,875	650	459	87,445	590	-	88,035
Travel	3,822	43,999	13,345	16,644	3,121	80,931	1,084	455	82,470
Utilities	3,707	13,817	35,381	-	3,663	56,568	2,913	-	59,481
Total	125,123	1,384,003	2,289,558	235,600	362,131	4,396,415	445,665	74,602	4,916,682
Depreciation	996	11,013	18,218	1,875	2,881	34,983	3,547	594	39,124
Total Functional Expenses	\$ 126,119	\$ 1,395,016	\$ 2,307,776	\$ 237,475	\$ 365,012	\$ 4,431,398	\$ 449,212	\$ 75,196	\$ 4,955,806

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, 2017

	Program Services					Supporting Services			
	Early		Early Head Start	Youth Development	Parenting Initiative	Total Program Services	Management & General	Fund Raising	Total Expenses
	Healthy Living	Childhood Education							
Salaries	\$ 53,284	\$ 502,457	\$ 620,693	\$ 118,977	\$ 219,755	\$ 1,515,166	\$ 284,689	\$ 43,265	\$ 1,843,120
Payroll Taxes	4,137	39,014	48,194	9,238	17,063	117,646	22,105	3,359	143,110
Related Benefits	1,879	54,663	58,688	12,553	19,933	147,716	17,167	2,430	167,313
Total Salaries and Related Expenses	59,300	596,133	727,575	140,768	256,751	1,780,528	323,960	49,054	2,153,542
Advertising	-	208	195	8,591	-	8,994	5,510	6,819	21,323
Bank Charges	-	-	-	-	-	-	6,911	600	7,511
Board Expenses	-	-	-	-	-	-	2,076	-	2,076
Computer Maintenance	100	1,350	6,259	91	-	7,800	3,405	-	11,205
Contract for Services	1,660	356,164	3,498	56,175	740	418,237	14,508	55,175	487,920
Dues and Subscriptions	-	980	5,661	50	-	6,691	6,348	-	13,039
Early Head Start Consultants & Volunteers	-	-	105,569	-	-	105,569	-	-	105,569
Equipment Lease	1,605	2,792	2,363	-	3,214	9,974	441	-	10,415
Fringe Benefits for Volunteers	-	-	21,974	-	-	21,974	-	-	21,974
Insurance	-	1,877	4,014	-	-	5,891	6,359	-	12,250
Internet	-	455	3,550	600	1,991	6,596	1,363	-	7,959
Janitorial	-	50	-	-	-	50	333	-	383
Maintenance & Repairs	2,236	5,933	51,547	625	2,630	62,971	3,022	-	65,993
Meetings	68	3,601	928	7,089	-	11,686	4,409	15,537	31,632
Miscellaneous	100	-	-	-	-	100	1,829	-	1,929
Penalties	-	-	-	-	-	-	644	-	644
Postage and Delivery	573	1,191	364	-	-	2,128	562	-	2,690
Printing & Reproduction	1,918	7,204	323	1,963	755	12,163	858	245	13,266
Professional Development	694	559	-	1,490	625	3,368	3,360	-	6,728
Professional Fees	1,156	6,468	2,935	-	1,400	11,959	3,585	-	15,544
Rent	6,000	52,620	69,360	4,035	30,000	162,015	13,274	722	176,011
Scholarships & Grants	390	107,969	-	8,400	-	116,759	-	-	116,759
Security	-	-	-	-	-	-	251	-	251
Sponsorships	-	-	-	6,873	-	6,873	-	1,500	8,373
Supplies	1,513	92,570	101,361	15,523	14,498	225,465	17,972	633	244,070
Taxes & Licenses	-	-	540	-	-	540	15	-	555
Telephone	1,748	3,690	10,309	600	5,407	21,754	810	-	22,564
Training	6,240	37,633	47,823	-	4,155	95,851	-	-	95,851
Travel	3,414	29,495	9,240	12,950	8,522	63,621	2,020	299	65,940
Utilities	5,004	14,924	29,792	-	4,020	53,740	4,619	-	58,359
Total	93,719	1,323,866	1,205,180	265,823	334,708	3,223,296	428,444	130,584	3,782,324
Depreciation	630	8,902	8,104	1,787	2,251	21,674	2,881	877	25,432
Total Functional Expenses	\$ 94,349	\$ 1,332,768	\$ 1,213,284	\$ 267,610	\$ 336,959	\$ 3,244,970	\$ 431,325	\$ 131,461	\$ 3,807,756

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

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

	YEAR ENDED JUNE 30	
	2018	2017
Cash Flows From Operating Activities		
Change in Net Assets	\$ 816,379	\$ 380,942
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	39,124	25,432
Loss on Disposal of Equipment	818	-
Changes in assets and liabilities:		
Accounts Receivable	(86,660)	9,798
Prepaid Expenses	(3,177)	10,360
Other Assets	(8,925)	-
Accounts Payable	(53,983)	29,386
Accrued Payroll Liabilities	6,399	4,836
Net cash provided by operating activities	<u>709,975</u>	<u>460,754</u>
Cash Flow From Investing Activities		
Purchase of equipment	<u>(527,761)</u>	<u>(27,465)</u>
Net cash used in investing activities	<u>(527,761)</u>	<u>(27,465)</u>
Increase in Cash	182,214	433,289
Cash at Beginning of Year	<u>944,672</u>	<u>511,383</u>
Cash at End of Year	<u>\$ 1,126,886</u>	<u>\$ 944,672</u>

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

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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, 2018 and 2017, 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 when 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.

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, except as discussed below.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In October, 2014, the Coalition was awarded an Early Head Start Grant from the Department of Health and Human Services, Administration for Children and Families. This grant requires a portion of the Federal funding be matched with non-federal funds including donated services. The donated services are given a value based on federal guidelines. These donated services included in income and expenses totaled \$400,828 and \$191,621 for years ended June 30, 2018 and 2017, respectively.

D. Property and Equipment

Purchases of improvements, and furniture and equipment are recorded 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
Leasehold Improvements	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 were generally capitalized until November, 2015. At that time the Coalition adopted the same beginning limit as Early Head Start which is \$5,000.

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 2018 and 2017.

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 hired prior to January 1, 2016 earn eight days of sick leave after six months. After one year, they earn sixteen days increasing to twenty days after five years. Employees hired on or after January 1, 2016 will continue earning the same number of sick days based on the year(s) of employment, but it will be on an accrued basis per pay period. 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, but they can be carried over if approved by the Executive Director. Sick days may be accumulated to a maximum of 60 days; however, employees are not paid for any unused sick days upon termination.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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

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

Healthy Living:

Al's Pals: Kids Making Healthy Choices (NEDHSA, regional health contracts): Al's Pals is a life skills program for 4 and 5 year olds. The bi-weekly program serves PK and Kindergarten students in 41 schools with 97 classrooms, as well as 4-year-olds in 9 childcare centers in Ouachita, Morehouse, and Union parishes. Funding for this program was initially through the Louisiana Department of Health and Hospitals—Office of Behavioral Health, but authority for contracting and funding was transferred to the Northeast Delta Human Services Authority in 2014.

U-ACT (LaPFS, SAMSHA, NEDHSA): Funded by the Louisiana Partnership for Success as part of a Substance Abuse and Mental Health Services Administration (SAMSHA) grant, and administered by the Northeast Delta Human Services Authority (NEDHSA), U-ACT is a community coalition based in Union Parish that works together to develop a 5-year plan that will address underage drinking and prescription drug abuse.

Young Drivers Safety Initiative (LHSC): The LA Highway Safety Commission (LHSC) provided funding to purchase the equipment and to provide the personnel to implement a Virtual Driving program to address distracted and impaired driving among high school and college students.

Children's Coalition Family Garden (LPFA, sponsors and donors): The Louisiana Public Facilities Administration granted \$40,000 to construct the Family Garden that surrounds the new Coalition office on Hall Street. In addition, AETNA and individual donors sponsored programming and materials for monthly Super Saturdays where community can learn how to garden and play together in the Early Childhood Outdoor Learning Center.

Early Childhood Education and Early Head Start:

Northeast Louisiana Child Care Connections (LDOE): Currently funded through the Louisiana Department of Education through Child Development Block Grant funds, this initiative was originally funded through the Department of Children and Family Services (DCFS). Child Care Connections is the Child Care Resource and Referral agency for 11 parishes in northeast Louisiana and 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 in the past year has been assisting childcare centers and consumers to navigate the changes in the system as part of the implementation of Act 3 of 2012. As the Resource and Referral agency for northeast Credit

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Louisiana, the Children's Coalition is eligible to receive Louisiana School Readiness Tax funds from businesses and corporations. These funds are used to support quality in and awareness of early care and education.

Early Childhood Curriculum Certification Reimbursement (LDOE): As part of the work done by Child Care Connections, the Louisiana Department of Education provided partial funding to Type III Child Care Centers to purchase approved Early Childhood Curriculum. Centers applied to Child Care Connections for 80% reimbursement from the state for curriculum purchased.

Ouachita Parish Early Head Start (ACF, CACFP, UW): Funding from the Office of Head Start—Administration for Children and Families (ACF) provided sixty slots for infants and toddlers in three centers and home-based care in Ouachita Parish. Early Head Start (EHS) targets low-income pregnant women and families with children from birth through age 3, most of whom are at or below the federal poverty level or who are eligible for Part C services under the Individuals with Disabilities Education Act in their State. The program provides early, continuous, intensive, and comprehensive child development and family support services. Funding from the CACFP Feeding Program is used as a supplement for food cost and a grant from United Way for formula and diapers is part of the non-federal match.

Ouachita Parish Early Head Start Expansion/Partnership (ACF, CACFP): Funding from the Office of Head Start—Administration for Children and Families (ACF) expanded the Early Head Start by 40 slots for infants and toddlers in five new classrooms, and 32 slots for infants and toddlers in partnership Type III child care centers, Kiddie Garden and Living Way. Early Head Start (EHS) targets low-income pregnant women and families with children from birth through age 3, most of whom are at or below the federal poverty level or who are eligible for Part C services under the Individuals with Disabilities Education Act in their State. The program provides early, continuous, intensive, and comprehensive child development and family support services. Funding from the CACFP Feeding Program is used as a supplement for food cost.

Mental Health Consultation (Tulane): Funding from the Tulane Institute for Infant and Early Childhood Mental Health provides a mental health consultant to child care centers for up to six months. The program is made possible by a grant from the Louisiana Department of Education (formally from the Louisiana Department of Children and Family Services).

Lead Agencies (LDOE, Lead Agencies, Lead Agencies - IDEA): The Coalition is the lead agency in three parishes in northeast Louisiana: Ouachita Parish OPENetwork, Morehouse Parish MOREnetwork, and Richland Parish RICHnetwork. Originally listed as separate network "pilots" in the budget, the funding is now under one budget heading. The Lead Agency works with all publicly funded early childhood programs in each parish: Type III child care centers, public school PreK, NSECD, Head Start and Early Head Start (where available). The **Lead Agency** is charged to coordinate enrollment and assessment as part of the full implementation of the Louisiana Early Childhood Act (Act 3 of 2012).

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PK-Expansion Classrooms (LDOE): Louisiana was one of 13 States awarded by the Department of Education (DoE) to expand high-quality preschool programs in targeted communities that would serve as models for expanding preschool to all 4-year-olds from low- and moderate-income families.

Ouachita Parish was one of six community networks chosen by the Louisiana Department of Education to implement the PK-Expansion grant in Monroe City Schools. The grant is a four-year award that provides 50 PK slots to families with at-risk children in a quality early learning center with a credentialed teacher who receives coaching and professional development. The grant is in its fourth year of implementation.

Ancillary Teaching Certificate/Believe and Prepare (LDOE): This is a pilot program to develop and implement curricula in support of early childhood educators who are pursuing their ancillary teaching certificate and national CDA certification. The Ancillary Teaching Certificate implementation is funded by Pathways scholarships for a cohort of 20 early educators which began in FY 2016-2017 and its currently in its 4th cohort.

Early Childhood Comprehensive Systems (ECCS) Morehouse Kids 1st (HRSA, LDH): This is the second year of a five-year award from Health Resources and Services Administration (HRSA) through the Louisiana Department of Health (LDH). Children's Coalition is one of two agencies working with the State in a national collaborative to build capacity for and test the validity of innovative strategies that increase school readiness for three-year-old children in Morehouse Parish.

Youth Development:

S.O.S.—Signs of Suicide (Living Well, regional youth contract): An evidence-based program, Signs of Suicide provides the education and screening for students in Monroe City and Ouachita Parish middle schools to identify signs of depression, self-injury and suicide in themselves and others and respond effectively. Funding for this program was initially through the Louisiana Department of Health and Hospitals—Office of Behavioral Health, but authority for contracting and funding was transferred to the Northeast Delta Human Services Authority in 2014. Funding was cut suddenly at the beginning of FY 2015-2016 and a small grant from Living Well with matching funds from schools participating in the project allowed the program to continue. Matching funding from Union Parish School Board, Bastrop High School, Lee Middle School, and Ouachita Jr. High enabled the program to be delivered to middle school students in Union, Morehouse, and Ouachita parishes.

Mapping Adolescent Health (LPHI): Funded by Louisiana Public Health as part of a larger capacity-building initiative to address adolescent reproductive health, this initiative collected and analyzed local data from three sectors (Medical, Educational and Community-Based Organizations) to examine gaps and redundancies in adolescent reproductive health care and education in Ouachita Parish. LPHI is funded in part by a grant from the Packard Foundation that supports this work.

Ouachita Youth Leadership Summit (community donations): This was a one-day summit in October 2017 for middle and high school youth from 34 public and private schools in Ouachita Parish. Students were selected by school counselors to attend.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Next Step Scholarships (community donations): This fund was established in 2015 by a community member who wished to fill the gap caused by cuts to TOPS scholarships. Scholarships are tied to youth-related programs in Healthy Living (U-ACT), Youth Development (Ouachita Leadership Summit) and Parenting (Jus4Me). Participants in these programs are invited to apply for 2- and 4-year college scholarships ranging from 1,000 to 3,000 dollars.

Parenting Initiative:

Jus4Me Teen Parenting (LCTF; Monroe Jr. League): Funded by Louisiana Children's Trust Fund and Monroe Junior League, the Jus4Me Teen Parenting program serves pregnant and parenting teens in three schools in Ouachita, Union, and Morehouse parishes. The program uses an evidence-based parenting curriculum in weekly sessions held on the school site to provide support for healthy pregnancy outcomes, connection to community services, including quality child care and high school graduation for teen mothers.

Family Resource Center for Northeast Louisiana (DCFS): Beginning February 1, 2016, CCNELA was awarded a 20-month contract for a Family Resource Center for the Monroe area by the Department of Children and Family Services. In October 2017, an ongoing contract was awarded to CCNELA to continue the Family Resource Center in Northeast Louisiana for the next three years and beyond as funding is allocated. The Family Resource Center works closely with DCFS to support families in their system who are in the reunification process. The center provides parenting classes, case management, visit coaching and supportive services such as life skills and peer-parenting.

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 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 2014 and beyond remain subject to examination by the Internal Revenue Service.

As of June 30, 2018, 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.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Grants and Accounts Receivable

Accounts receivable and receivables on grants are stated at the amount management expects to collect from outstanding balances.

L. 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.

M. Advertising Costs

Advertising costs are expensed as incurred. Advertising costs totaled \$22,855 and \$21,323 for the years ended June 30, 2018 and 2017, respectively.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2018	2017
Leasehold Improvements	\$ 415,581	\$ -
Furniture and Equipment	336,293	245,687
	<u>751,874</u>	<u>245,687</u>
Less: Accumulated Depreciation	(213,613)	(195,245)
Total property and equipment, net	<u>\$ 538,261</u>	<u>\$ 50,442</u>

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

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

	2018	2017
Early Childhood Education	\$ 59,954	\$ (3,343)
Early Head Start	-	48,849
Youth Development	59,890	49,339
Parenting Initiative	2,217	19,495
Fund Raising	59,351	-
	<u>\$ 181,412</u>	<u>\$ 114,340</u>

NOTE 5 - LEASES

The Coalition leases four copy machines under operating leases. One leased copier is located at the Filhiol Early Head Start location and has a lease expiration date of February, 2021. Another leased copier is at the Hall St location and has a lease expiration date of May, 2020. The third copier was located at the Winnsboro Road location (Early Head Start) and had a lease expiration date of May, 2018. This lease was renewed in June, 2018 and the copier was moved to the Hall St. location, with a new expiration date of June, 2021. The fourth leased copier is located at the Winnsboro Road location (Early Head Start) and has a lease expiration date of January, 2020.

The Coalition leases office space under five different leases. The lease for office space on Louisville Avenue was signed and commenced on July 12, 2007. The original contract ended March 31, 2016, but it was renewed in March 2015 for sixty months with a lease term ending March 31, 2021. The new monthly lease amount was \$5,079. Because the Coalition moved to a new location in the winter of 2017, a termination of lease agreement was signed on July 11, 2017, with a termination date of February 1, 2018.

The Coalition moved to a new location located on Hall St. on December, 2017. The term of the lease is for five years, beginning the 1st day of December, 2017, and ending the 30th day of November, 2022. At the end of the term, the lease will be automatically renewed for an additional five years with the same terms and conditions. The monthly fair rent is \$12,688 with a current monthly payment of \$8,750. The balance of the rent is currently being donated.

Early Head Start leases four properties. Two leases are with the Housing Authority of the City of Monroe. The first lease has a term from October 1, 2014 through October 31, 2017, and there was no monthly rental. The lease was renewed with a new term from November 1, 2017 to October 31, 2022 and a monthly rent payment of \$200. The second lease with the Housing Authority of the City of Monroe has a term beginning July 1, 2017 to September 30, 2021, and a monthly rent payment of \$200.

The third lease is with the State of Louisiana/Board of Supervisors for University of Louisiana System. The original lease term was from October 1, 2014 through June 30, 2015. The lease has been renewed annually by both parties, with a final termination date of September, 2019. The fair rental is \$2,400 with a current monthly payment of \$610. The balance of the rental is currently being donated.

The Coalition's fourth lease is a Cooperative Endeavor Agreement with the City of West Monroe, Louisiana, the term of which is October 1, 2014 until September 30, 2017. The Agreement was

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 5 – LEASES (continued)

automatically renewed for successive term of one year. The fair rental of \$1,550 per month is currently being donated so there is no monthly rental paid. There is a charge of \$150 per month to go towards utility or similar costs incurred at the facility.

The Family Resource Center leased one property with the Housing Authority of the City of Monroe. The term of the lease was from February 1, 2016 through September 30, 2017. The fair rental of \$2,500 per month is currently being donated, so there was no monthly rental. From March 1, 2017 through September 30, 2017, there was a charge of \$335 per month to go towards utilities or similar costs incurred at the facility.

Total lease and rent expense for the years ended June 30, 2018 and 2017 was \$182,425 and \$176,011, respectively. In-Kind contributions were included in these totals. For the Louisville office, the amount of In-Kind contributions for office space and meeting rooms was \$1,190 and \$2,040 for years ended June 30, 2018 and 2017, respectively. In-Kind contributions for buildings for Early Head Start was \$57,830 and \$62,880 for the years ended June 30, 2018 and 2017, respectively.

The minimum rental under all leases having an initial or remaining term in excess of one year from June 30, 2018, are as follows:

Year Ending	Amount
2019	\$ 132,276
2020	124,196
2021	115,692
2022	108,000
2023	44,550

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, 2018 there were deposits of approximately \$1,044,656 in deposit liabilities reported by the bank in excess of 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.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 7 – SIMPLE-IRA PLAN

Effective June 5, 2014, the Coalition adopted a SIMPLE-IRA Plan for eligible employees, with employee contributions beginning with July, 2014 payrolls. Currently eligible employees are those who are expected to receive at least \$5,000 in compensation in the current year. The Coalition matches employee contributions up to 3% of employee compensation. Employer contributions for the years ending June 30, 2018 and 2017 were \$18,773, and \$19,430 respectively.

NOTE 8 - DISCLOSURES ABOUT CONCENTRATIONS

The Coalition receives the majority of its revenue in the form of grants from the U.S. Department of Health and Human Services, the Louisiana Department of Education, the Louisiana Department of Children and Family Services and the Louisiana Office of Public Health. 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.

During the fiscal years ended June 30, 2018 and 2017, the Coalition received \$654,694 and \$533,450 respectively from School Readiness Tax Credits, a tax credit from the state of Louisiana. This tax credit depends on a number of factors including businesses being willing to give the Coalition donations and the Louisiana State Legislature continuing the credit in future years. As with the above mentioned grants, there are no guarantees of future income.

The Children's Coalition was awarded a grant from the Department of Health and Human Services, Administration for Children and Families for \$4,776,486 for Early Head Start for the period August 1, 2014 through July 31, 2019 effective beginning October 1, 2014. On February 2018, the Coalition was awarded an additional \$2,235,530 for Early Head Start Expansion for the period March 1, 2017 through August, 31, 2021.

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 – NEW ACCOUNTING GUIDANCE NOT YET ADOPTED

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers," which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. On April 1, 2015, the FASB proposed to defer the effective date by one year until January 1, 2018, but would allow early adoption as of the original January 1, 2017, effective date. The standard permits the use of either the retrospective or cumulative effect transition method. The Coalition is evaluating the effect that ASU 2014-09 will have on its financial statements and related disclosures.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 10 – NEW ACCOUNTING GUIDANCE NOT YET ADOPTED (Continued)

The Coalition does not expect the new standard to have a significant impact on the recognition of revenues.

In February 2016, the FASB issued ASU No. 2016-02, "Leases" (Topic 842). Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date:

- lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and
- A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

Additional qualitative and quantitative disclosures will be required so that users can understand more about the nature of an entity's leasing activities. Also, the new lease guidance simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing.

ASU No. 2016-02 will be effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. The Coalition is currently evaluating the potential impact of adopting this guidance on its financial statements.

In August 2016, the FASB issued ASU No. 2016-14, "*Presentation of Financial Statements of Not-for-Profit Entities*," with the stated purpose of improving financial reporting by those entities. Among other provisions, this ASU reduces the number of classes of net assets from three to two, requires the presentation of expenses in both natural and functional classifications, and requires additional disclosures concerning liquidity and the availability of financial resources. This standard is effective for fiscal years beginning after December 15, 2017, and requires the use of the retrospective transition method. However, an entity has the option to omit the presentation by both the natural and functional classification, as well as the disclosure about liquidity and availability of financial resources, for any comparative periods originally presented before the period of adoption. The Coalition is currently in the process of implementing these changes.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 11 – SUBSEQUENT EVENTS

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 December 17, 2018, which is the date the financial statements were available to be issued, and have been appropriately recorded or disclosed.

In July, 2018, the Coalition was awarded a grant for \$200,000 from the David and Lucile Packard Foundation. The purpose of this grant is to support comprehensive sexuality education in Northeast Louisiana. The grant is for a period of 24 months.

In August, 2018, the Coalition was awarded a grant from the Department of Health and Human Services, Substance Abuse and Mental Health Services Administration, for \$625,000 for the project Drug Free Communities for the period September 30, 2018 to September, 29, 2023. The purpose of this grant is to establish and strengthen collaboration among communities, public and private non-profit agencies to reduce substance abuse amount youth and, over time, reduce substance abuse among adults.

SUPPLEMENTARY INFORMATION

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
SCHEDULE OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2018

	UNRESTRICTED		RESTRICTED													
	Undesignated	Designated	Believe & Prepare ATC	US HHS CACFP Program	Commit to Brick	Community Gardens	EC Curriculum Cert. Reimb	DCFS-FRC	Defy Tobacco Free-Living	Dia de la Familia	Dragon Boat	US HHS ACF Early Head Start	ECCS	EHS Expansion/ Partnership	Junior League Jus4Me	Children Trust Fund
Fund Balance July 1, 2017	\$ 592,848	\$ 555,312	\$ -	\$ (3,343)	\$ -	\$ -	\$ -	\$ -	\$ 738	\$ -	\$ -	\$ 48,849	\$ -	\$ -	\$ 10,000	\$ -
Income	36,981	654,694	125,795	52,756	33,909	51,025	29,929	328,708	2,800	6,000	50,903	1,309,276	203,646	1,497,097	-	17,623
Expenditures	(440,590)	(282,912)	(65,841)	(49,413)	-	(47,556)	(26,554)	(328,065)	(3,370)	(6,418)	(28,930)	(1,213,514)	(182,322)	(988,631)	(7,709)	(16,789)
Net Income (Loss)	(403,609)	371,782	59,954	3,343	33,909	3,469	3,375	643	(570)	(418)	21,973	95,762	21,324	508,466	(7,709)	834
Capital and Other Transfers	803,239	(22,105)	-	-	-	-	(3,375)	(643)	-	418	-	(144,611)	(21,324)	(508,466)	-	(834)
Fund Balance June 30, 2018	\$ 992,478	\$ 904,989	\$ 59,954	\$ -	\$ 33,909	\$ 3,469	\$ -	\$ -	\$ 168	\$ -	\$ 21,973	\$ -	\$ -	\$ -	\$ 2,291	\$ -

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
SCHEDULE OF CHANGES IN NET ASSETS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

	RESTRICTED																Total
	LA Highway Safety	LA Public Health Institute	H.S.A LaPFS	LDOE - CCRR	Lead Agencies	Living Well Foundation	Literacy Plus Program	Napoli & Other Scholarships	NE Delta HSA - AI's Pals	Pre-K Expansion	Regional Youth Contract	Tulane-MH	UHC Jus4Me	United Way	Youth Summit	Total Restricted	Fund Balance
Fund Balance July 1, 2017	\$ -	\$ 31,607	\$ -	\$ -	\$ -	\$ 7,464	\$ 900	\$ -	\$ -	\$ -	\$ 700	\$ -	\$ 9,495	\$ -	\$ 7,930	\$ 114,340	\$ 1,262,500
Income	26,832	30,750	136,134	358,096	152,121	13,248	3,794	11,000	146,959	346,598	14,900	88,111	-	38,000	4,500	5,080,510	5,772,185
Expenditures	(25,186)	(30,282)	(135,157)	(339,693)	(151,399)	(9,019)	(3,599)	-	(125,123)	(294,956)	(15,094)	(82,639)	(9,569)	(38,000)	(7,476)	(4,232,304)	(4,955,806)
Net Income (Loss)	1,646	468	977	18,403	722	4,229	195	11,000	21,836	51,642	(194)	5,472	(9,569)	-	(2,976)	848,206	816,379
Capital and Other Transfers	(1,646)	-	(977)	(18,403)	(722)	-	(1,095)	-	(21,836)	(51,642)	(506)	(5,472)	-	-	-	(781,134)	-
Fund Balance June 30, 2018	\$ -	\$ 32,075	\$ -	\$ -	\$ -	\$ 11,693	\$ -	\$ 11,000	\$ -	\$ -	\$ -	\$ -	\$ (74)	\$ -	\$ 4,954	\$ 181,412	\$ 2,078,879

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
SCHEDULE OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2017

	UNRESTRICTED		RESTRICTED												
	Undesignated	Designated													
	General	School Readiness Tax Credit	NE Delta HSA -Al's Pals	Tulane MH	Children's Trust Fund	LDOE- CCRR	Lead Agencies	Pre-K Expansion	Regional Youth Contract	DCFS- FRC	Believe & Prepare ATC	Literacy Plus Program	H.S.A. LaPFS	US HHS CACFP Program	US HHS ACF Early Head Start
Fund Balance July 1, 2016	\$ 458,347	\$ 380,318	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,804	\$ 40	\$ 2,431	\$ -
Income	338,661	533,450	115,049	86,126	8,796	357,110	205,968	325,621	14,900	310,835	113,564	41,429	136,064	41,254	1,176,237
Expenditures	(410,547)	(309,475)	(93,611)	(74,124)	(8,127)	(332,133)	(203,804)	(346,273)	(14,200)	(344,528)	(94,290)	(38,832)	(135,881)	(47,028)	(1,062,658)
Net Income (Loss)	(71,886)	223,975	21,438	12,002	669	24,977	2,164	(20,652)	700	(33,693)	19,274	2,597	183	(5,774)	113,579
Capital and Other Transfers	206,387	(48,981)	(21,438)	(12,002)	(669)	(24,977)	(2,164)	20,652	-	33,693	(19,274)	(3,501)	(223)	-	(64,730)
Fund Balance June 30, 2017	\$ 592,848	\$ 555,312	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 700	\$ -	\$ -	\$ 900	\$ -	\$ (3,343)	\$ 48,849

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
SCHEDULE OF CHANGES IN NET ASSETS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2017

	RESTRICTED															Total
	NFS/ United Way	United Way/Flood Recovery	EHS Expansion/ Partnership	SOC Fatherhood Initiative	LA Public Health Institute	Junior League Jus4Me	Youth Summit	UHC Jus4Me	EC Curriculum Cert. Reimb.	ECCS	Living Well Foundation	Tobacco- Free Living	Highway Safety	Generation RX	Total Restricted	Fund Balance
Fund Balance July 1, 2016	\$ 2,577	\$ 4,529	\$ -	\$ 1,675	\$ 14,652	\$ -	\$ 630	\$ 9,655	\$ -	\$ -	\$ 4,900	\$ -	\$ -	\$ -	\$ 42,893	\$ 881,558
Income	38,000	-	84,613	-	46,250	10,000	12,425	-	44,871	95,368	13,100	3,700	20,307	15,000	3,316,587	4,188,698
Expenditures	(40,577)	(4,529)	(57,203)	(1,675)	(29,295)	-	(5,125)	(160)	(30,871)	(85,366)	(10,536)	(2,962)	(9,796)	(14,150)	(3,087,734)	(3,807,756)
Net Income (Loss)	(2,577)	(4,529)	27,410	(1,675)	16,955	10,000	7,300	(160)	14,000	10,002	2,564	738	10,511	850	228,853	380,942
Capital and Other Transfers	-	-	(27,410)	-	-	-	-	-	(14,000)	(10,002)	-	-	(10,511)	(850)	(157,406)	-
Fund Balance June 30, 2017	\$ -	\$ -	\$ -	\$ -	\$ 31,607	\$ 10,000	\$ 7,930	\$ 9,495	\$ -	\$ -	\$ 7,464	\$ 738	\$ -	\$ -	\$ 114,340	\$ 1,262,500

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Agency Name	Pass Through Agency	Federal Program Title	CFDA Number	Federal Expenditures
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 - CCDF Believe and Prepare - Early Childhood	93.575	65,841
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 - Early Childhood Community Network Child Care Classroom Expansion	93.575	151,399
United States Department of Health and Human Services Administration for Children and Families	State of Louisiana Dept. of Education	Child Care Curriculum Initiative Certificate Reimbursement	93.575	<u>26,554</u>
	Total CCDF Cluster			243,794
United States Department of Health and Human Services Administration for Children and Families	State of Louisiana Office of Public Health	Maternal and Child Health - Early Childhood Comprehensive Systems	93.110	182,322
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 Promoting Safe and Stable Families	93.590 93.566	16,789 328,065
United States Department of Health and Human Services Administration for Children and Families	Northeast Delta Human Services Authority	Substance Abuse Prevention and Treatment Block Grant	93.959	135,157
United States Department of Education	State of Louisiana Dept. of Education	Preschool Development Grant - Expansion and Preschool Expansion Improvement	84.419B	294,956
United States Department of Transportation	State of Louisiana Highway Safety Commission	State and Community Highway Safety	20.600	25,186
United States Department of Agriculture	State of Louisiana Dept. of Education Office of School and Community Support	Child and Adult Care Food Program	10.558	<u>49,413</u>
Total Pass Through Awards				<u>1,275,682</u>
United States Department of Health and Human Services Administration for Children and Families		Early Head Start Grant	93.600	1,021,815
		Combined Early Head Start Expansion and EHS-Child Care Partnership	93.600	<u>1,432,580</u>
Total Grants - Federal				<u><u>\$ 3,730,077</u></u>

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2018

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Children's Coalition for Northeast Louisiana, Inc. under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Children's Coalition for Northeast Louisiana, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Children's Coalition for Northeast Louisiana, Inc.

2. Summary of Significant Accounting Policies

- a) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b) Children's Coalition for Northeast Louisiana, Inc. has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Children's Coalition for Northeast Louisiana, Inc. did not expend any federal awards in the form of noncash assistance during the fiscal year. No federal awards were passed through to subrecipients.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2018

Agency Head Name: Lynn Clark, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$90,000
Benefits-insurance	5,144
Benefits – FICA	6,753
Professional Development	249
Conference travel	1,430

OTHER REPORTS

HEARD, McELROY, & VESTAL

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December 17, 2018

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

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

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, 2018, 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 December 17, 2018.

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.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

A handwritten signature in blue ink that reads "Heard, McElroy & Vestal, LLC". The signature is written in a cursive, flowing style.

Monroe, Louisiana

HEARD, McELROY, & VESTAL

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December 17, 2018

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 The Uniform Guidance

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 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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that 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, 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, 2018.

Report on Internal Control Over Compliance

Management of 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 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 the Uniform Guidance, 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 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Monroe, Louisiana

CHILDREN’S COALITION FOR NORTHEAST LOUISIANA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2018

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

<u>Program</u>	<u>CFDA No.</u>
DHHS – Early Head Start Grant	93.600

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Children’s Coalition for Northeast Louisiana, Inc. was not 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, 2018

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, 2018

No findings were reported for the current year.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

FOR THE YEAR ENDED JUNE 30, 2018

HEARD, McELROY, & VESTAL

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Children's Coalition for Northeast Louisiana, Inc.
Monroe, Louisiana

Louisiana Legislative Auditor
Baton Rouge, Louisiana

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

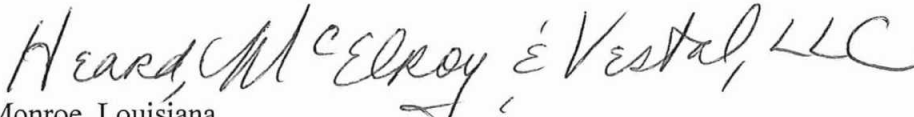
We have performed the procedures enumerated below, which were agreed to by Children's Coalition for Northeast Louisiana, Inc. (CC) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. CMMC's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The findings obtained are described in the attachment to this report.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.


Monroe, Louisiana

December 17, 2018

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**SUPPLEMENT TO INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

Children's Coalition for Northeast Louisiana, Inc.
Agreed-Upon Procedures and Findings
Year Ended June 30, 2018

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
 - g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
 - h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

Findings:

Purchasing policy does not address adding vendors to the vendor list.

The entities policy on contracts does not address legal reviews, or monitoring.

Board or Finance Committee

Not applicable because of no exceptions in previous year.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Findings:

Entity is not initialing or dating the preparation and review of the bank reconciliations.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Findings:

Entity is not properly recording the receipt of checks/cash; therefore, unable to determine the days between collection and deposit.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Findings:

The person responsible for processing payments is also responsible for mailing the payments.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Findings:

No exceptions noted.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

Not applicable because of no exceptions in previous year.

Contracts

Not applicable because of no exceptions in previous year.

Payroll and Personnel

Not applicable because of no exceptions in previous year.

Other

Not applicable because of no exceptions in previous year.