

**THE CHILDREN'S COALITION  
FOR NORTHEAST LOUISIANA, INC.  
MONROE, LOUISIANA  
JUNE 30, 2011 AND 2010**

**THE CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.**

**MONROE, LOUISIANA**

**JUNE 30, 2011 AND 2010**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditors' Report	1-2
<b>FINANCIAL STATEMENTS</b>	
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	9-18
<b>SUPPLEMENTARY INFORMATION</b>	
Schedules of Changes in Net Assets	19-20
<b>OTHER INDEPENDENT AUDITORS' REPORTS</b>	
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>	21-22

# HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

2808 KILPATRICK BOULEVARD  
MONROE, LOUISIANA 71201  
318-388-3108 PHONE • 318-323-4266 FAX

302 DEPOT STREET, SUITE A  
DELHI, LOUISIANA 71232  
318-878-5573 PHONE • 318-878-5872 FAX

November 30, 2011

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

## Independent Auditors' Report

We have audited the accompanying statements of financial position of the Children's Coalition for Northeast Louisiana, Inc. (a Non-profit Corporation) as of June 30, 2011 and 2010, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Corporation's management. 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; and the Louisiana Government Audit Guide, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 the Children's Coalition for Northeast Louisiana, Inc. as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2011, on our consideration of The Children's Coalition for Northeast Louisiana, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

**HMV**

A PROFESSIONAL SERVICES FIRM  
SHREVEPORT • MONROE • DELHI

hmv@hmvcpa.com E-MAIL  
www.hmvcpa.com WEB ADDRESS

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying financial information listed as Supplementary Information in the Table of Contents 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.

*Heard M. Eby & Vental, LLC*

Monroe, Louisiana

THE CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC

STATEMENTS OF FINANCIAL POSITION

	JUNE 30	
	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Cash	\$ 110,395	\$ 210,205
Accounts Receivable - Grants	95,327	118,106
Furniture and Equipment, net	61,769	69,033
Prepaid Expenses	<u>22,995</u>	<u>20,600</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 290,486</u></b>	<b><u>\$ 417,944</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 2,932	\$ 2,634
Accrued Payroll Liabilities	1,644	4,328
Capital Leases Payable - Current	3,558	3,961
Capital Leases Payable - Long-Term	3,185	5,806
Notes Payable - Bank line-of-credit	<u>136,902</u>	<u>50,982</u>
Total Liabilities	148,221	67,711
<b>Net Assets</b>		
Unrestricted - Undesignated	65,718	112,141
Unrestricted - Designated	60,976	74,391
Temporarily Restricted	<u>15,571</u>	<u>163,701</u>
Total Net Assets	<u>142,265</u>	<u>350,233</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 290,486</u></b>	<b><u>\$ 417,944</u></b>

THE CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUES</b>			
Donations and Sponsorships	\$ 182,021	\$ -	\$ 182,021
In-Kind Donations at Fair Value	10,952	-	10,952
Grants - Federal	416,823	-	416,823
Grants - Vendor Contracts	536,236	-	536,236
Grants - Other	136,112	55,892	192,004
Registration and Tuition Fees	42,249	-	42,249
Memberships	25,583	-	25,583
Interest	1,768	-	1,768
Contributions and Net Revenue from Special Events			
Special Event Revenue	59,025	-	59,025
Costs of Direct Benefits to Donors	(19,211)	-	(19,211)
Other Revenue	10,331	-	10,331
Total	<u>1,401,889</u>	<u>55,892</u>	<u>1,457,781</u>
Net Assets Released from Restrictions	<u>204,022</u>	<u>(204,022)</u>	<u>-</u>
Total Support and Revenue	1,605,911	(148,130)	1,457,781
<b>EXPENSES</b>			
Program Services			
Health Care	338,481	-	338,481
Early Childhood Education	798,927	-	798,927
Youth Development	157,164	-	157,164
Hurricane Relief Services	1,289	-	1,289
Parenting Education	84,590	-	84,590
Total Program Expenses	<u>1,380,451</u>	<u>-</u>	<u>1,380,451</u>
Supporting Services			
Management & General	245,369	-	245,369
Fund Raising	39,929	-	39,929
Total Supporting Services	<u>285,298</u>	<u>-</u>	<u>285,298</u>
Total Expenses	<u>1,665,749</u>	<u>-</u>	<u>1,665,749</u>
Change in Net Assets	(59,838)	(148,130)	(207,968)
NET ASSETS AT BEGINNING OF YEAR	<u>186,532</u>	<u>163,701</u>	<u>350,233</u>
NET ASSETS AT END OF YEAR	<u>\$ 126,694</u>	<u>\$ 15,571</u>	<u>\$ 142,265</u>

THE CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUES</b>			
Donations and Sponsorships	\$ 135,002	\$ -	\$ 135,002
In-Kind Donations at Fair Value	9,000	-	9,000
Grants - Federal	228,515	-	228,515
Grants - Vendor Contracts	669,274	-	669,274
Grants - Other	340,650	220,000	560,650
Registration and Tuition Fees	37,543	-	37,543
Memberships	32,364	-	32,364
Interest	1,868	-	1,868
Contributions and Net Revenue from Special Events			
Special Event Revenue	-	-	-
Costs of Direct Benefits to Donors	-	-	-
Other Revenue	3,655	-	3,655
Total	<u>1,457,871</u>	<u>220,000</u>	<u>1,677,871</u>
Net Assets Released from Restrictions	<u>188,801</u>	<u>(188,801)</u>	<u>-</u>
Total Support and Revenue	1,646,672	31,199	1,677,871
<b>EXPENSES</b>			
Program Services			
Health Care	274,078	-	274,078
Early Childhood Education	848,036	-	848,036
Youth Development	185,786	-	185,786
Hurricane Relief Services	1,702	-	1,702
Parenting Education	49,064	-	49,064
Total Program Expenses	<u>1,358,666</u>	<u>-</u>	<u>1,358,666</u>
Supporting Services			
Management & General	216,442	-	216,442
Fund Raising	13,602	-	13,602
Total Supporting Services	<u>230,044</u>	<u>-</u>	<u>230,044</u>
Total Expenses	<u>1,588,710</u>	<u>-</u>	<u>1,588,710</u>
Change in Net Assets	57,962	31,199	89,161
NET ASSETS AT BEGINNING OF YEAR	<u>128,570</u>	<u>132,502</u>	<u>261,072</u>
NET ASSETS AT END OF YEAR	<u>\$ 186,532</u>	<u>\$ 163,701</u>	<u>\$ 350,233</u>

**THE CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Program Services					Supporting Services			Total Expenses
	Health Care	Early Childhood Education	Youth Development	Hurricane Relief Services	Parenting Initiative	Program Services	Management & General	Fund Raising	
Salaries	\$ 177,090	\$ 531,998	\$ 87,911	\$ -	\$ 50,261	\$ 847,260	\$ 119,167	\$ 17,871	\$ 984,298
Payroll Taxes	14,220	42,717	7,059	-	4,036	68,032	9,569	1,435	79,036
Related Benefits	6,559	16,579	3,256	-	1,862	28,256	4,413	662	33,331
Total Salaries and Related Expenses	197,869	591,294	98,226	-	56,159	943,548	133,149	19,967	1,096,665
Advertising	26,484	1,671	-	-	-	28,155	3,391	6,142	37,688
Bank Charges	-	90	-	-	-	90	1,077	-	1,167
Board Expenses	-	-	-	-	-	-	3,159	-	3,159
Computer Maintenance	1,434	3,620	1,113	-	-	6,167	1,306	-	7,473
Contract for Services	1,152	37,317	27,260	-	-	65,729	350	6,900	72,979
Dues and Subscriptions	475	2,895	-	-	-	3,370	1,500	-	4,870
Equipment Lease	2,142	4,095	193	-	-	6,430	-	-	6,430
Janitorial	-	-	-	-	-	-	336	-	336
Meetings	14,737	3,057	2,364	56	-	20,214	1,348	-	21,562
Postage and Delivery	1,799	5,139	6	-	-	6,944	309	132	7,385
Printing & Reproduction	7,038	5,552	1,545	-	-	14,135	3,010	1,752	18,897
Professional Fees	5,278	9,318	1,652	416	-	16,664	30,425	-	47,089
Rent	12,246	37,047	1,400	-	-	50,693	26,234	-	76,927
Maintenance & Repairs	4,719	3,519	1,567	-	-	9,805	5,065	-	14,870
Miscellaneous	-	-	-	-	-	-	3,461	-	3,461
Security	-	421	358	-	-	779	518	420	1,717
Scholarships	-	26,205	-	-	-	26,205	-	-	26,205
Supplies	31,529	7,420	671	615	-	40,235	7,821	4,033	52,089
Telephone	4,612	3,365	2,298	-	-	10,275	1,787	-	12,062
Training	452	10,741	4,585	-	24,209	39,987	-	-	39,987
Insurance	587	1,169	87	-	-	1,843	364	-	2,207
Interest	-	-	-	-	-	-	7,197	-	7,197
Travel	14,254	23,487	10,067	183	2,988	50,979	5,374	-	56,353
Utilities	6,735	9,803	1,479	-	-	18,017	4,607	-	22,624
Total	333,542	787,225	154,871	1,270	83,356	1,360,264	241,788	39,346	1,641,399
Depreciation	4,939	11,702	2,293	19	1,234	20,187	3,580	583	24,350
Total Functional Expenses	\$ 338,481	\$ 798,927	\$ 157,164	\$ 1,289	\$ 84,590	\$ 1,380,451	\$ 245,369	\$ 39,929	\$ 1,665,749



**THE CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Program Services				Supporting Services		Total Expenses		
	Health Care	Early Childhood Education	Youth Development	Hurricane Relief Services	Parenting Initiative	Total Program Services		Management & General	Fund Raising
Salaries	\$ 164,347	\$ 525,904	\$ 130,235	\$ -	\$ 42,440	\$ 862,926	\$ 118,467	\$ 8,972	\$ 990,365
Payroll Taxes	13,265	42,448	10,512	-	3,426	69,651	9,562	724	79,937
Related Benefits	4,975	15,918	3,942	-	1,285	26,120	3,586	272	29,978
<b>Total Salaries and Related Expenses</b>	<b>182,587</b>	<b>584,270</b>	<b>144,689</b>	<b>-</b>	<b>47,151</b>	<b>958,697</b>	<b>131,615</b>	<b>9,968</b>	<b>1,100,280</b>
Advertising	13,585	2,099	-	1,142	-	16,826	4,350	-	21,176
Bank Charges	-	-	-	-	-	-	842	-	842
Board Expenses	-	-	-	-	-	-	1,339	-	1,339
Computer Maintenance	2,052	2,499	975	-	-	5,526	702	-	6,228
Contract for Services	-	4,100	-	150	-	4,250	-	-	4,250
Dues and Subscriptions	-	885	-	-	-	885	1,325	-	2,210
Equipment Lease	2,506	3,054	701	-	-	6,261	127	-	6,388
Janitorial	-	-	-	-	-	-	336	-	336
Meetings	8,148	4,437	218	59	903	13,765	2,081	1,824	17,670
Postage and Delivery	1,355	3,187	685	-	-	5,227	100	75	5,402
Printing & Reproduction	6,374	8,847	3,048	100	-	18,369	1,788	1,000	21,157
Professional Fees	1,352	1,728	15,900	-	-	18,980	31,100	-	50,080
Rent	13,833	32,944	4,500	-	-	51,277	13,723	-	65,000
Maintenance & Repairs	5,300	3,605	966	-	-	9,871	1,341	-	11,212
Miscellaneous	-	-	-	-	-	-	2,339	-	2,339
Security	115	73	63	-	-	251	-	-	251
Scholarships	-	54,164	-	-	-	54,164	-	-	54,164
Supplies	10,976	6,278	1,894	-	-	19,148	3,003	527	22,678
Telephone	5,066	5,180	2,998	-	-	13,244	1,364	-	14,608
Training	25	57,025	425	225	251	57,951	631	-	58,582
Insurance	333	1,000	429	-	-	1,762	3,257	-	5,019
Interest	-	-	-	-	-	-	5,595	-	5,595
Travel	11,017	49,157	3,218	-	12	63,404	5,721	-	69,125
Utilities	5,152	10,410	2,223	-	-	17,785	791	-	18,576
<b>Total</b>	<b>269,776</b>	<b>834,942</b>	<b>182,932</b>	<b>1,676</b>	<b>48,317</b>	<b>1,337,643</b>	<b>213,470</b>	<b>13,394</b>	<b>1,564,507</b>
Depreciation	4,302	13,094	2,854	26	747	21,023	2,972	208	24,203
<b>Total Functional Expenses</b>	<b>\$ 274,078</b>	<b>\$ 848,036</b>	<b>\$ 185,786</b>	<b>\$ 1,702</b>	<b>\$ 49,064</b>	<b>\$ 1,358,666</b>	<b>\$ 216,442</b>	<b>\$ 13,602</b>	<b>\$ 1,588,710</b>

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

THE CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC

STATEMENTS OF CASH FLOWS

	YEAR ENDED JUNE 30	
	2011	2010
Cash Flows From Operating Activities		
Change in Net Assets	\$ (207,968)	\$ 89,161
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	24,350	24,203
Changes in assets and liabilities:		
Accounts Receivable	22,779	16,958
Prepaid Expenses	(2,395)	8,122
Deferred Charges	-	479
Accounts Payable	(2,827)	(9,904)
Accrued Payroll Liabilities	441	2,272
Deferred Revenue	-	(3,812)
Net cash provided by (used in) operating activities	<u>(165,620)</u>	<u>127,479</u>
Cash Flow From Investing Activities		
Purchase of equipment	<u>(17,086)</u>	<u>(10,901)</u>
Net cash provided by (used in) investing activities	<u>(17,086)</u>	<u>(10,901)</u>
Cash Flow From Financing Activities		
Payments of capital lease obligations	(3,024)	(5,771)
Net proceeds from note payable - LOC	<u>85,920</u>	<u>30,407</u>
Net cash provided by financing activities	<u>82,896</u>	<u>24,636</u>
Increase (Decrease) in Cash	(99,810)	141,214
Cash at Beginning of Year	<u>210,205</u>	<u>68,991</u>
Cash at End of Year	<u>\$ 110,395</u>	<u>\$ 210,205</u>

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010

**NOTE 1 - DESCRIPTION OF ORGANIZATION**

The 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. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

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, 2011 and 2010, the Coalition had no permanently restricted net assets.

*B. Contributions*

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

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

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*C. Donated Services*

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

*D. Furniture and Equipment*

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

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

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

*E. Leased Equipment Capitalized*

The imputed cost of leased equipment is capitalized and charged to earnings using the straight-line method of amortization over estimated useful lives of five years for financial reporting purposes. Generally, when items of leased property are retired or otherwise disposed of, the cost and related accumulated amortization are removed from the accounts and any resulting gain or loss is reflected in income. Amortization of assets under capital leases is included in depreciation expense for 2011 and 2010.

*F. Compensated Absences*

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

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*G. Functional Expenses*

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

*H. Programs*

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

**Health Care**

Covering Kids and Families income is primarily funded by Louisiana Department of Health and Hospitals-Medicaid. This program was developed as an effort to increase the enrollment in the LaCHIP and LaMOM program, which provides health insurance to children in families with incomes of up to 250% of poverty level. The LaCHIP Coordinator works with a regional coalition and the Medicaid office in outreach activities. An outreach effort is the annual Start School Right Children's Resources and Health Fair which is funded through various sponsorships.

The Fetal Infant Mortality Reduction Initiative is funded through the Louisiana Department of Health and Hospitals-Office of Public Health/Maternal and Child Health Coalition. An expansion of this program to surrounding parishes is being funded by the Living Well Foundation. Two part-time public health nurses housed at OPH review medical records with a team of medical experts to ascertain causes of fetal and infant mortality. A community action team organized through the Coalition works to provide community solutions for any identified problems.

The third program under this initiative is Child Safety which is funded through the Maternal and Child Health Coalition. A full time coordinator serves as a health educator on safety issues such as safe sleep, car seat safety, medication, etc. This coordinator convenes the Child Death Review Panel to review cases and seek community solutions and education opportunities.

The Louisiana Asthma Management Program (LAMP) is the fourth program under health care. This initiative through Louisiana Department of Health and Hospitals focuses on asthma education and works to involve school systems in developing asthma friendly schools.

**Early Childhood Education** – There are several initiatives and funding sources under this focus area:

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

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Mental Health Consultations:** Mental health consultants are made available to child care centers for up to six months to work with staff to improve the social emotional development of children in child care centers. This effort is funded through the Tulane Institute for Infant and Early Childhood Mental Health from a grant with LA DSS.

**Community Solutions to Economic Success:** With partial funding from the Work Force Investment Board Area 81, a program director coordinates a business leaders' task force in finding solutions to meet the child care needs of employers and employees in the community. The purpose is to assure that families have the quality child care they need to enter the workforce and to remain employed. The Program Director also works with area Quality Start centers to improve their business and administrative practices. Because of the work with Quality Start Centers, a portion of this initiative is also funded through School Readiness Tax Credits. JP Morgan Chase, through the United Way, has provided an additional grant to support this effort to improve administrative practices in child care centers.

**Al's Pals: Kids Making Healthy Choices:** Funded through the LA Department of Health and Hospitals-Office for Addictive Disorders and with a partnership with Monroe City Schools and their Safe Schools/Healthy Students grant, Al's Pals is a life skills program for 4 year olds. Every student in the preschool program of Monroe City Schools as well as 4 year olds in eight child care centers were involved in this program. For 2009/2010, the program expanded to include every 4 year old in Ouachita Parish Schools with program support provided by that school district for teacher training and supplies.

**Monroe City Schools-Safe Schools/Healthy Students:** With funding from this grant, the Children's Coalition provides an Early Childhood Coordinator to work with child care centers and the school system in providing resources for child care and parents, training and coordination of services.

**Youth Development** - There are four initiatives under this focus area:

**Teen Screen of Northeast Louisiana:** The program provides a basic mental health screening for students in Monroe City Schools and Ouachita Parish Schools. Any student screened at risk for depression or suicide is referred to services within the community. This effort is funded through a grant from LA DHH-Office of Behavioral Health to provide screening in the Baton Rouge Area. Local funding is provided through the Monroe City Schools Safe Schools/Health Students grant and Title I in Ouachita Parish Schools.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**4<sup>th</sup> Judicial District Youth Services Planning Board:** The Children's Coalition provides staff support and some operating expenses for this board. Funding for staff support comes from the MacArthur Models for Change grant with additional support from our general funds.

**MacArthur Models for Change Initiative:** The MacArthur Foundation provided a grant through its Models for Change in Juvenile Justice initiative to the University of Louisiana (ULM) at Monroe. ULM contracts with the Children's Coalition to provide leadership to two of the four goals of the grant. Our work is related to creating a strategic plan for juvenile justice reform for the 4<sup>th</sup> judicial district, and piloting a parenting program for juvenile justice involved families. The other two goals are creating model juvenile drug court and district attorney diversion programs.

**Parent Empowerment Program:** This program is a pilot funded by the MacArthur Foundation. The Children's Coalition is working with two other states, The REACH Institute, and the National Center for Mental Health and Juvenile Justice to develop a training program to teach parents to advocate for their children within the juvenile justice and mental health systems.

**Hurricane Relief Services**

Hurricane Relief Services are funded through the Department of Social Services. The Coalition provides staff for respite care for children and families in the critical transportation needs shelters.

**Parenting Initiative**

The Parenting initiative is partially funded through a Louisiana Children's Trust Fund. This program develops parent training opportunities in the community to enhance childhood literacy, quality care, success in school and strengthening the family. The majority of the funding for this effort is from general funds with partial funding from Monroe City Schools Safe Schools/Health Student grant.

*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.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Coalition is required to file U.S. federal Form 990 for informational purposes. Its federal income tax returns for the tax years 2007 and beyond remain subject to examination by the Internal Revenue Service.

Contributions to the Coalition are tax deductible within the limitations prescribed by the Code.

*J. Cash and Cash Equivalents*

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

*K. Accounts Receivable - Grants*

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

*L. Supplemental Cash Flow Information*

Cash paid for interest for the years ended June 30, 2011 and 2010 was \$7,197 and \$5,595 respectively.

*M. Accounting Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*N. Minor Reclassifications*

Minor reclassifications have been made to the prior year financial statements to make them comparable to the current year presentation.



CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010

**NOTE 3 - FURNITURE AND EQUIPMENT**

Furniture and Equipment consisted of the following at June 30:

	<u>2011</u>	<u>2010</u>
Furniture and Equipment	\$ 187,023	\$ 169,937
Less: Accumulated Depreciation	<u>(125,254)</u>	<u>(100,904)</u>
<b>NET FURNITURE AND EQUIPMENT</b>	<b><u>\$ 61,769</u></b>	<b><u>\$ 69,033</u></b>

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

**NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS**

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

	<u>2011</u>	<u>2010</u>
Youth Development	\$ 15,571	\$ 82,041
Healthcare	-	65,488
Early Childhood Education	<u>-</u>	<u>16,172</u>
<b>Total</b>	<b><u>\$ 15,571</u></b>	<b><u>\$ 163,701</u></b>

**NOTE 5 - LEASES**

The Coalition leases an ultra sound machine under a capital lease. The phone system and network server, which is also recorded as a capital lease ended, when the terms of the lease were satisfied. The economic substance of these leases is that the Coalition is financing the acquisition of these assets through the leases and accordingly, it is recorded as assets and the lease is recorded as a liability.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010

**NOTE 5 - LEASES (Continued)**

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

	<u>2011</u>	<u>2010</u>
Equipment Under Capital Lease	\$ 35,105	\$ 35,105
Less: Accumulated Depreciation	<u>(28,238)</u>	<u>(22,672)</u>
Total	<u>\$ 6,867</u>	<u>\$ 12,433</u>

The future minimum lease payments under the capital leases and the net present value of the future minimum lease payments at June 30, 2011 are as follows:

Total minimum lease payments	\$ 7,262
Amount representing interest	<u>(519)</u>
Present value of net minimum lease payments	6,743
Current portion	<u>3,558</u>
Long-term capital lease obligation	<u>\$ 3,185</u>

The Coalition leases its copy machine under a noncancelable operating lease expiring in 2012. The Coalition leases office space under a lease that was signed and commenced on July 12, 2007 with a term of 85 months. Beginning in March, 2011, the Coalition took over another suite of rooms resulting in an increase of the monthly rental payment. The lease term did not change.

The minimum rental under all leases having an initial or remaining term in excess of one year from June 30, 2011, are approximated as follows:

<u>Year Ending</u>	<u>Amount</u>
2012	83,700
2013	83,700
2014	<u>48,825</u>
Total	<u>\$ 216,225</u>

Total lease and rent expense for the year ended June 30, 2011 and 2010, was \$81,357 and \$71,338 which includes In-Kind contributions of office space and meeting rooms of \$10,952 and \$9,000 respectively.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010

**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, 2011 and 2010 there were no deposits in excess of the deposit liabilities reported by the bank over the amount that would have been covered by federal insurance.

**COLLATERALIZATION POLICY**

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

**NOTE 7 – NOTES PAYABLE**

The Coalition has an agreement with a financial institution for a \$200,250 line of credit collateralized by equipment, accounts receivable and grant income. The principal balance outstanding June 30, 2011 and 2010, was \$136,902 and \$50,982.

The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the New York Prime. The index currently is 5.00% per annum. The Coalition will pay this loan in full immediately upon demand. If no demand is made, the Coalition will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on July 23, 2011. The Coalition will pay regular monthly payments of all accrued unpaid interest due as of each payment date.

**NOTE 8 - DISCLOSURES ABOUT CONCENTRATIONS**

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

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010

**NOTE 9 – RISK OF LOSS**

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

**NOTE 10 – SUBSEQUENT EVENTS**

The line of credit loan with Community Trust Bank was renewed on July 23, 2011 and will mature on July 23, 2012. The available amount remains the same at \$200,250.

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through November 30, 2011, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION



Temporarily Restricted

Temporarily Restricted													Total	
Tulane - MH	OPH - FIMR	LA Children's Trust Fund Triple P	LA Children's Trust Fund	Teen Screen MCS/OPS	JPMorgan Chase	Living Well Foundation	MacArthur Foundation	Workforce Investment Board	MacArthur Foundation/ PEP	Blue Cross Blue Shield	Nurse Family Partnership	OPS/ Even Start	Total Restricted	Fund Balance
-	-	-	\$ -	\$ -	\$ 16,172	\$ 55,488	\$ -	\$ -	\$ 82,041	\$ 10,000	\$ -	\$ -	\$ 163,701	\$ 350,233
83,787	39,695	25,798	4,191	83,811	-	55,892	22,336	11,258	-	-	7,876	9,000	1,145,063	1,457,781
<u>(74,548)</u>	<u>(33,053)</u>	<u>(25,567)</u>	<u>(3,999)</u>	<u>(88,604)</u>	<u>(14,705)</u>	<u>(93,032)</u>	<u>(23,256)</u>	<u>(13,926)</u>	<u>(65,814)</u>	<u>(10,000)</u>	<u>(5,661)</u>	<u>(3,050)</u>	<u>(1,246,551)</u>	<u>(1,665,749)</u>
9,239	6,642	231	192	(4,793)	(14,705)	(37,140)	(920)	(2,668)	(65,814)	(10,000)	2,215	5,950	(101,488)	(207,968)
<u>(9,239)</u>	<u>(6,642)</u>	<u>(231)</u>	<u>(192)</u>	<u>4,793</u>	<u>(1,467)</u>	<u>(18,348)</u>	<u>920</u>	<u>2,668</u>	<u>(656)</u>	<u>-</u>	<u>(2,215)</u>	<u>(5,950)</u>	<u>(46,642)</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,571</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,571</u>	<u>\$ 142,265</u>





Temporarily Restricted

Total

OPH - FIMR	Sisters of Charity	Blue Cross Blue Shield	ULL Coordinated Schools	Monroe City Schools	JPMorgan Chase	Living Well Foundation	Workforce Investment Board	Ouachita Parish Sch/ALS PALS	LA CTF	MacArthur Foundation	MacArthur Foundation/ PEP	Total Restricted	Fund Balance
\$ -	\$ 10,972	\$ -	\$ 29,890	\$ -	\$ 39,436	\$ 52,204	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132,502	\$ 261,072
40,029	-	10,000	-	49,653	-	110,000	68,943	17,137	10,000	15,443	100,000	1,502,640	1,677,871
<u>(36,956)</u>	<u>(10,972)</u>	<u>-</u>	<u>(29,890)</u>	<u>(47,441)</u>	<u>(23,264)</u>	<u>(106,716)</u>	<u>(73,576)</u>	<u>(17,137)</u>	<u>(10,000)</u>	<u>(15,225)</u>	<u>(17,959)</u>	<u>(1,340,897)</u>	<u>(1,588,710)</u>
3,073	(10,972)	10,000	(29,890)	2,212	(23,264)	3,284	(4,633)	-	-	218	82,041	161,743	89,161
<u>(3,073)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,212)</u>	<u>-</u>	<u>-</u>	<u>4,633</u>	<u>-</u>	<u>-</u>	<u>(218)</u>	<u>-</u>	<u>(130,544)</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,172</u>	<u>\$ 55,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,041</u>	<u>\$ 163,701</u>	<u>\$ 350,233</u>

OTHER INDEPENDENT AUDITORS' REPORT

# HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

2808 KILPATRICK BOULEVARD  
MONROE, LOUISIANA 71201  
318-388-3108 PHONE • 318-323-4266 FAX

302 DEPOT STREET, SUITE A  
DELHI, LOUISIANA 71232  
318-878-5573 PHONE • 318-878-5872 FAX

November 30, 2011

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

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 the financial statements of the Children's Coalition for Northeast Louisiana, Inc. (a non-profit organization) as of and for the year ended June 30, 2011, and have issued our report thereon dated November 30, 2011. 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 the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**HMV**

A PROFESSIONAL SERVICES FIRM  
SHREVEPORT • MONROE • DELHI

hmv@hmvcpa.com E-MAIL  
www.hmvcpa.com WEB ADDRESS

The Board of Directors  
Children's Coalition for Northeast Louisiana, Inc.  
November 30, 2011  
Page Two

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

This report is intended solely for the information and use of the board of directors, management, and the agencies granting funds to the Organization, others within the entity, the Legislative Auditor of the State of Louisiana 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 23:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Heard, McElroy & Vestal, LLC*