

**THE CHILDREN'S COALITION
FOR NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA
JUNE 30, 2012 AND 2011**

THE CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

MONROE, LOUISIANA

JUNE 30, 2012 AND 2011

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HEARD, McELROY, & VESTAL

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November 30, 2012

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, 2012 and 2011, 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, 2012 and 2011, 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, 2012, 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.

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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. Elroy & Vatal, LLC

Monroe, Louisiana

THE CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC

STATEMENTS OF FINANCIAL POSITION

	JUNE 30	
	<u>2012</u>	<u>2011</u>
ASSETS		
Cash	\$ 118,931	\$ 110,395
Accounts Receivable - Grants	157,555	95,327
Furniture and Equipment, net	129,012	61,769
Prepaid Expenses	<u>5,589</u>	<u>22,995</u>
TOTAL ASSETS	<u><u>\$ 411,087</u></u>	<u><u>\$ 290,486</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable	\$ 4,521	\$ 2,932
Accrued Payroll Liabilities	8,423	4,769
Capital Leases Payable - Current	10,536	3,558
Capital Leases Payable - Long-Term	14,868	3,185
Notes Payable - Bank line-of-credit	<u>161,259</u>	<u>136,902</u>
Total Liabilities	199,607	151,346
Net Assets		
Unrestricted - Undesignated	62,953	62,593
Unrestricted - Designated	89,130	60,976
Temporarily Restricted	<u>59,397</u>	<u>15,571</u>
Total Net Assets	<u>211,480</u>	<u>139,140</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 411,087</u></u>	<u><u>\$ 290,486</u></u>

THE CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUES			
Donations and Sponsorships	\$ 157,735	\$ -	\$ 157,735
In-Kind Donations at Fair Value	54,177	-	54,177
Grants - Federal	495,722	-	495,722
Grants - Vendor Contracts	508,486	-	508,486
Grants - Other	341,894	96,000	437,894
Registration and Tuition Fees	36,554	-	36,554
Memberships	25,990	-	25,990
Interest	697	-	697
Contributions and Net Revenue from Special Events			
Special Event Revenue	42,820	-	42,820
Costs of Direct Benefits to Donors	-	-	-
Other Revenue	5,207	-	5,207
Total	<u>1,669,282</u>	<u>96,000</u>	<u>1,765,282</u>
Net Assets Released from Restrictions	<u>52,174</u>	<u>(52,174)</u>	<u>-</u>
Total Support and Revenue	1,721,456	43,826	1,765,282
EXPENSES			
Program Services			
Health Care	362,875	-	362,875
Early Childhood Education	757,690	-	757,690
Youth Development	328,046	-	328,046
Parenting Education	39,563	-	39,563
Total Program Expenses	<u>1,488,174</u>	<u>-</u>	<u>1,488,174</u>
Supporting Services			
Management & General	145,353	-	145,353
Fund Raising	59,415	-	59,415
Total Supporting Services	<u>204,768</u>	<u>-</u>	<u>204,768</u>
Total Expenses	<u>1,692,942</u>	<u>-</u>	<u>1,692,942</u>
Change in Net Assets	28,514	43,826	72,340
NET ASSETS AT BEGINNING OF YEAR	<u>123,569</u>	<u>15,571</u>	<u>139,140</u>
NET ASSETS AT END OF YEAR	<u>\$ 152,083</u>	<u>\$ 59,397</u>	<u>\$ 211,480</u>

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

THE CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUES			
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
EXPENSES			
Program Services			
Health Care	338,481	-	338,481
Early Childhood Education	802,052	-	802,052
Youth Development	157,164	-	157,164
Hurricane Relief Services	1,289	-	1,289
Parenting Education	84,590	-	84,590
Total Program Expenses	<u>1,383,576</u>	<u>-</u>	<u>1,383,576</u>
Supporting Services			
Management & General	232,388	-	232,388
Fund Raising	52,910	-	52,910
Total Supporting Services	<u>285,298</u>	<u>-</u>	<u>285,298</u>
Total Expenses	<u>1,668,874</u>	<u>-</u>	<u>1,668,874</u>
Change in Net Assets	(62,963)	(148,130)	(211,093)
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>\$ 123,569</u>	<u>\$ 15,571</u>	<u>\$ 139,140</u>

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

	Program Services				Supporting Services			Total Expenses
	Health Care	Early Childhood Education	Youth Development	Parenting Initiative	Program Services	Management & General	Fund Raising	
Salaries	\$ 237,015	\$ 474,406	\$ 235,489	\$ 16,536	\$ 963,446	\$ 63,805	\$ 29,046	\$ 1,056,297
Payroll Taxes	19,226	37,894	19,072	1,281	77,473	5,446	2,479	85,398
Related Benefits	7,701	14,139	9,862	326	32,028	158	72	32,258
Total Salaries and Related Expenses	263,942	526,439	264,423	18,143	1,072,947	69,409	31,597	1,173,953
Advertising	3,948	100	-	-	4,048	5,297	9,779	19,124
Bank Charges	11	100	250	-	361	1,820	-	2,181
Board Expenses	-	-	-	-	-	2,870	-	2,870
Computer Maintenance	782	4,159	1,681	-	6,622	759	-	7,381
Contract for Services	-	6,373	11,905	-	18,278	-	6,736	25,014
Dues and Subscriptions	-	3,335	-	-	3,335	975	-	4,310
Equipment Lease	2,200	3,435	221	-	5,856	480	-	6,336
Janitorial	-	-	-	-	-	479	-	479
Meetings	8,508	5,343	1,448	322	15,621	2,424	6,660	24,705
Postage and Delivery	1,085	1,877	135	63	3,160	541	-	3,701
Printing & Reproduction	3,278	4,604	1,595	50	9,527	557	1,084	11,168
Professional Fees	5,086	9,155	505	-	14,746	19,596	-	34,342
Rent	13,356	420	630	395	14,801	95	-	14,896
Property Taxes	-	-	-	-	-	280	-	280
Rent	8,614	63,249	12,179	-	84,042	11,898	-	95,940
Maintenance & Repairs	4,340	3,377	3,857	-	11,574	887	-	12,461
Miscellaneous	-	-	-	-	-	2,317	-	2,317
Security	-	-	-	-	-	251	-	251
Scholarships	-	34,724	-	-	34,724	1,500	-	36,224
Supplies	14,442	13,880	4,011	4,363	36,696	2,761	912	40,369
Telephone	2,949	5,323	1,496	-	9,768	559	-	10,327
Training	209	23,521	-	6,801	30,531	-	-	30,531
Insurance	1,000	1,110	1,322	-	3,432	883	-	4,315
Interest	-	-	145	-	145	8,551	-	8,696
Internet	138	-	173	-	311	259	-	570
Travel	19,977	19,898	13,497	8,807	62,179	506	1,722	64,407
Utilities	3,326	15,412	3,442	-	22,180	4,104	-	26,284
Total	357,191	745,834	322,915	38,944	1,464,884	140,058	58,490	1,663,432
Depreciation	5,684	11,856	5,131	619	23,290	5,295	925	29,510
Total Functional Expenses	\$ 362,875	\$ 757,690	\$ 328,046	\$ 39,563	\$ 1,488,174	\$ 145,353	\$ 59,415	\$ 1,692,942

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

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
	Early Childhood Education		Hurricane Relief Services		Parenting Initiative	Management & General	Fund Raising	Total	
	Health Care	Youth Development	Relief Services	Program Services					
Salaries	\$ 177,090	\$ 87,911	\$ -	\$ 50,261	\$ 847,260	\$ 107,718	\$ 29,320	\$ 984,298	
Payroll Taxes	14,220	7,059	-	4,036	68,032	8,649	2,354	79,035	
Related Benefits	6,559	3,256	-	1,862	31,381	3,990	1,086	36,457	
Total Salaries and Related Expenses	197,869	98,226	-	56,159	946,673	120,357	32,759	1,099,790	
Advertising	26,484	-	-	-	28,155	3,391	6,142	37,688	
Bank Charges	-	-	-	-	90	1,077	-	1,167	
Board Expenses	-	-	-	-	-	3,159	-	3,159	
Computer Maintenance	1,434	1,113	-	-	6,167	1,306	-	7,473	
Contract for Services	1,152	27,260	-	-	65,729	350	6,900	72,979	
Dues and Subscriptions	475	-	-	-	3,370	1,500	-	4,870	
Equipment Lease	2,142	193	-	-	6,430	-	-	6,430	
Janitorial	-	-	-	-	-	336	-	336	
Meetings	14,737	2,364	56	-	20,214	1,348	-	21,562	
Postage and Delivery	1,799	6	-	-	6,944	309	132	7,385	
Printing & Reproduction	7,038	1,545	-	-	14,135	3,010	1,752	18,897	
Professional Fees	5,278	1,652	416	-	16,664	30,425	-	47,089	
Rent	12,246	1,400	-	-	50,693	26,234	-	76,927	
Maintenance & Repairs	4,719	1,567	-	-	9,805	5,065	-	14,870	
Miscellaneous	-	-	-	-	-	3,461	-	3,461	
Security	-	358	-	-	779	518	420	1,717	
Scholarships	-	-	-	-	26,205	-	-	26,205	
Supplies	31,529	671	615	-	40,235	7,821	4,033	52,089	
Telephone	4,612	2,298	-	-	10,275	1,787	-	12,062	
Training	452	4,585	-	24,209	39,987	-	-	39,987	
Insurance	587	87	-	-	1,843	364	-	2,207	
Interest	-	-	-	-	-	7,197	-	7,197	
Travel	14,254	10,067	183	2,988	50,979	5,374	-	56,353	
Utilities	6,735	1,479	-	-	18,017	4,607	-	22,624	
Total	333,542	154,871	1,270	83,356	1,363,389	228,996	52,138	1,644,524	
Depreciation	4,939	2,293	19	1,234	20,187	3,391	772	24,350	
Total Functional Expenses	\$ 338,481	\$ 157,164	\$ 1,289	\$ 84,590	\$ 1,383,576	\$ 232,388	\$ 52,910	\$ 1,668,874	

THE CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC

STATEMENTS OF CASH FLOWS

	YEAR ENDED JUNE 30	
	2012	2011
Cash Flows From Operating Activities		
Change in Net Assets	\$ 72,340	\$ (207,968)
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
In-kind donation of equipment	(46,167)	-
Depreciation	29,510	24,350
Changes in assets and liabilities:		
Accounts Receivable	(62,228)	22,779
Prepaid Expenses	17,406	(2,395)
Accounts Payable	1,589	(2,827)
Accrued Payroll Liabilities	3,654	441
Net cash provided by (used in) operating activities	<u>16,104</u>	<u>(165,620)</u>
Cash Flow From Investing Activities		
Purchase of equipment	(26,231)	(17,086)
Net cash provided by (used in) investing activities	<u>(26,231)</u>	<u>(17,086)</u>
Cash Flow From Financing Activities		
Payments of capital lease obligations	(5,694)	(3,024)
Net proceeds from note payable - LOC	24,357	85,920
Net cash provided by financing activities	<u>18,663</u>	<u>82,896</u>
Increase (Decrease) in Cash	8,536	(99,810)
Cash at Beginning of Year	<u>110,395</u>	<u>210,205</u>
Cash at End of Year	<u>\$ 118,931</u>	<u>\$ 110,395</u>

SUPPLEMENTAL SCHEDULE OF NONCASH
INVESTING AND FINANCING ACTIVITIES

Purchase of property and equipment by capital leases	\$ 24,355	\$ -
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CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

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, 2012 and 2011, 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, 2012 AND 2011

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 2012 and 2011.

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, 2012 AND 2011

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

The **Louisiana Asthma Management Program (LAMP)** is 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.

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

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

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

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. The program has been expanded to include every 4 year old in Ouachita Parish Schools with program support provided by that school district for teacher training and supplies.

Youth Development:

Youth Suicide Prevention Coalition and 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.

4th 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 4th 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.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Partial funding was provided by the Sisters of Charity Dubuis fund.

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

Hurricane Relief Services

Hurricane Relief Services are funded through the Department of Children and Family 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 and the Sisters of Charity Dubuis 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.

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 2008 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.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

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. 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, 2012 and 2011 was \$8,696 and \$7,197 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. Advertising Costs

Advertising costs are expensed as incurred. Advertising costs totaled \$19,124 and \$37,688 for the years ended June 30, 2012 and 2011, respectively

NOTE 3 - FURNITURE AND EQUIPMENT

Furniture and Equipment consisted of the following at June 30:

	<u>2012</u>	<u>2011</u>
Furniture and Equipment	\$ 283,776	\$ 187,023
Less: Accumulated Depreciation	<u>(154,764)</u>	<u>(125,254)</u>
NET FURNITURE AND EQUIPMENT	<u><u>\$ 129,012</u></u>	<u><u>\$ 61,769</u></u>

The furniture and equipment serves as collateral for the notes payable – bank line of credit as discussed in Note 4.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

NOTE 4 – 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, 2012 and 2011 was \$151,259 and \$136,902.

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, 2012. The Coalition will pay regular monthly payments of all accrued unpaid interest due as of each payment date.

The Coalition has an agreement with a financial institution for a \$50,250 line of credit collateralized by equipment, accounts receivable and grant income. The principal balance outstanding June 30, 2012 was \$10,000.

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 December 31, 2012. The Coalition will pay regular monthly payments of all accrued unpaid interest due as of each payment date.

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2012</u>	<u>2011</u>
Youth Development	\$ 13,050	\$ 15,571
Healthcare	15,855	-
Parenting	30,492	-
Total	<u>\$ 59,397</u>	<u>\$ 15,571</u>

NOTE 6 - LEASES

The Coalition leases an ultra sound machine and a network server under a capital lease. The phone system and an additional network server, which are 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, the equipment is recorded as an asset and the lease is recorded as a liability.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

NOTE 6 – LEASES (Continued)

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

	<u>2012</u>	<u>2011</u>
Equipment Under Capital Lease	\$ 40,689	\$ 16,334
Less: Accumulated Depreciation	<u>(22,762)</u>	<u>(13,883)</u>
Total	<u>\$ 17,927</u>	<u>\$ 2,451</u>

The future minimum lease payments under the capital leases and the net present value of the future minimum lease payments at June 30, 2012 are as follows:

Total minimum lease payments	\$ 27,978
Amount representing interest	<u>(2,574)</u>
Present value of net minimum lease payments	25,404
Current portion	<u>10,536</u>
Long-term capital lease obligation	<u>\$ 14,868</u>

<u>Year Ending</u>	<u>Amount</u>
2013	10,536
2014	8,257
2015	<u>6,611</u>
Total	<u>\$ 25,404</u>

The Coalition leases its copy machine under a noncancelable operating lease expiring in 2015. The Coalition leases office space under a lease that was signed and commenced on July 12, 2007 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. Due to the termination of the FSO contract, the additional space was no longer needed and the lease for the additional space was terminated as of September 1, 2012.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

NOTE 6 – LEASES (Continued)

The minimum rental under all leases having an initial or remaining term in excess of one year from June 30, 2012, are approximated as follows:

<u>Year Ending</u>	<u>Amount</u>
2013	77,232
2014	72,058
2015	44,986
Total	<u>\$ 194,276</u>

Total lease and rent expense for the year ended June 30, 2012 and 2011, was \$102,276 and \$83,357 which includes in-kind contributions of office space and meeting rooms of \$8,010 and \$10,952 respectively.

NOTE 7 – 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, 2012 and 2011 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 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, 2012 AND 2011

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 20, 2012 and will mature on July 19, 2013. The renewal amount was \$200,275.

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

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, 2012, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

THE CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

SCHEDULE OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

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

Temporarily Restricted

Total

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

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
(74,548)	(33,053)	(25,567)	(3,999)	(88,604)	(14,705)	(93,032)	(23,256)	(13,926)	(65,814)	(10,000)	(5,661)	(3,050)	(1,249,676)	(1,668,874)
9,239	6,642	231	192	(4,793)	(14,705)	(37,140)	(920)	(2,668)	(65,814)	(10,000)	2,215	5,950	(104,613)	(211,093)
(9,239)	(6,642)	(231)	(192)	4,793	(1,467)	(18,348)	920	2,668	(656)	-	(2,215)	(5,950)	(43,517)	-
<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>\$ 139,140</u>

OTHER INDEPENDENT AUDITORS' REPORT

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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November 30, 2012

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, 2012, and have issued our report thereon dated November 30, 2012. 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

Management of the Children's Coalition for Northeast Louisiana, Inc. (the Organization) is responsible for establishing and maintaining effective 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

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The Board of Directors
Children's Coalition for Northeast Louisiana, Inc.
November 30, 2012
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.

David M. Elroy + Vestal, LLC

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED JUNE 30, 2012

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Children's Coalition for Northeast Louisiana, Inc.
2. No material weaknesses relating to the audit of the financial statements were reported.
3. No instances of noncompliance material to the financial statements of Children's Coalition for Northeast Louisiana, Inc. were disclosed during the audit.
4. Children's Coalition for Northeast Louisiana, Inc. was not subject to a federal single audit for the year ended June 30, 2012.

B. Findings - Financial Statement Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs

Not Applicable

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2012

No findings were reported for the prior year.