

**Center for Children and Families, Inc.**  
**- Serving Northeast Louisiana**

**Financial Statements And**  
**Independent Auditors' Report**

**June 30, 2005 And 2004**

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

Release Date 1-17-2006

CENTER FOR CHILDREN AND FAMILIES, INC.  
- SERVING NORTHEAST LOUISIANA

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**B&T BOND &  
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CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying statements of financial position of Center for Children and Families, Inc. as of June 30, 2005 and 2004, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of Center for Children and Families, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for Children and Families, Inc. as of June 30, 2005 and 2004, and the changes in its net assets and 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 8, 2005 on our consideration of Center for Children and Families, Inc.'s internal control over financial reporting and our tests of its compliance laws, regulations, contracts, and grants. That report is integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Bond & Toussignant, LLC*

November 8, 2005

CENTER FOR CHILDREN AND FAMILIES, INC. -  
SERVING NORTHEAST LOUISIANA  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2005 AND 2004

**ASSETS**

	<u>2005</u>	<u>2004</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 13,073	\$ 834
Accounts Receivable	5,494	-
Grants Receivable	265,640	80,975
<b>Total Current Assets</b>	<b>284,207</b>	<b>81,809</b>
 <b>PROPERTY AND EQUIPMENT</b>		
Furniture and Equipment	50,213	1,904
Less: Accumulated Depreciation	(6,843)	(1,754)
<b>Total Property and Equipment</b>	<b>43,370</b>	<b>150</b>
 <b>OTHER ASSETS</b>		
Refundable Deposits	300	300
<b>Total Other Assets</b>	<b>300</b>	<b>300</b>
 <b>TOTAL ASSETS</b>	<b>\$ 327,877</b>	<b>\$ 82,259</b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accrued Payroll Taxes and Expenses	\$ 10,027	\$ 6,386
Line of Credit	35	25,058
<b>Total Current Liabilities</b>	<b>10,062</b>	<b>31,444</b>
 <b>NET ASSETS</b>		
Unrestricted	316,466	48,565
Temporarily Restricted	1,349	2,250
<b>Total Net Assets</b>	<b>317,815</b>	<b>50,815</b>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 327,877</b>	<b>\$ 82,259</b>

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

CENTER FOR CHILDREN AND FAMILIES, INC. -  
SERVING NORTHEAST LOUISIANA  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2005 WITH COMPARATIVE TOTALS FOR 2004

	2005		2004	
	Unrestricted	Temporarily Restricted	Total	Total
<b>REVENUES, SUPPORT AND RECLASSIFICATIONS</b>				
Government Grants and Contracts (Note 6)	\$ 1,210,424	\$ 3,602	\$ 1,214,026	\$ 878,844
Contributions	24,016	-	24,016	8,090
Fundraising	86,834	-	86,834	35,254
Other Income	-	-	-	127
Net assets released from restrictions:	-	-	-	-
Restrictions Satisfied by Payments	4,503	(4,503)	-	(9,007)
<b>Total Revenues, Support and Reclassifications</b>	<u>1,325,777</u>	<u>(901)</u>	<u>1,324,876</u>	<u>931,322</u>
<b>EXPENSES</b>				
Program Services				
TANF	599,391	-	599,391	867,390
Family Foundation	339,223	-	339,223	-
IOLTA	4,503	-	4,503	9,007
VOCA	19,183	-	19,183	7,011
CJA	6,798	-	6,798	5,507
Other	5,000	-	5,000	-
Total Program Services	<u>974,098</u>	<u>-</u>	<u>974,098</u>	<u>888,915</u>
Management and General	50,340	-	50,340	3,213
Fund Raising	33,438	-	33,438	28,170
<b>Total Expenses</b>	<u>1,057,876</u>	<u>-</u>	<u>1,057,876</u>	<u>920,298</u>
<b>CHANGES IN NET ASSETS</b>				
	267,901	(901)	267,000	11,024
				(1,802)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>48,565</u>	<u>2,250</u>	<u>50,815</u>	<u>37,541</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 316,466</u>	<u>\$ 1,349</u>	<u>\$ 317,815</u>	<u>\$ 48,565</u>
				<u>\$ 2,250</u>
				<u>\$ 50,815</u>

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

CENTER FOR CHILDREN AND FAMILIES, INC. -  
SERVING NORTHEAST LOUISIANA  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 267,000	\$ 9,222
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	5,089	309
(Increase) decrease in accounts receivable	(5,494)	-
(Increase) decrease in grants receivable	(184,665)	(11,407)
(Decrease) increase in accrued expenses	3,641	(7,942)
Total adjustments	<u>(181,429)</u>	<u>(19,040)</u>
<b>Net cash provided (used) by operating activities</b>	<u>85,571</u>	<u>(9,818)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payments for property and equipment	<u>(48,309)</u>	-
<b>Net cash provided by investing activities</b>	<u>(48,309)</u>	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from line of credit	778,300	540,160
Payments on line of credit	<u>(803,323)</u>	<u>(579,258)</u>
<b>Net cash provided by financing activities</b>	<u>(25,023)</u>	<u>(39,098)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	12,239	(48,916)
<b>CASH AT BEGINNING OF YEAR</b>	<u>834</u>	<u>49,750</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 13,073</u>	<u>\$ 834</u>
 <b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
<i>Cash paid during the year for interest</i>	<u>\$ 3,031</u>	<u>\$ 2,904</u>

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

CENTER FOR CHILDREN AND FAMILIES, INC. -  
SERVING NORTHEAST LOUISIANA  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2005

	TANF	Family Foundation	CJA	IOLTA	VOCA	LA Child	Total Program Services	Management and General	Fundraising	2005 Total Expenses
Advertising/Promotion	\$ 2,968	\$ 1,276	\$ -	\$ -	\$ -	\$ -	\$ 4,244	\$ 265	\$ 4,403	\$ 8,912
Dues and Subscriptions	-	-	-	-	-	-	-	545	-	545
Fund Raising Events	-	-	-	-	-	-	-	-	13,986	13,986
Insurance	42,185	12,894	-	-	-	-	55,079	1,663	-	56,742
Interest	-	-	-	-	300	-	300	2,731	-	3,031
Legal and Professional	4,000	-	-	-	-	-	4,000	8,322	-	12,322
Meetings/Seminars	14,143	23,943	1,890	-	566	146	40,688	2,185	-	42,873
Miscellaneous	-	1,221	-	-	-	-	1,221	1,832	1,513	4,566
Office	16,201	4,421	-	-	-	-	20,622	3,428	-	24,050
Postage	5,415	-	-	-	-	-	5,415	478	-	5,893
Project Coordination	405,285	254,743	4,908	4,503	18,317	4,854	692,610	11,129	13,250	716,989
Rent	50,050	5,125	-	-	-	-	55,175	-	-	55,175
Repairs and Maintenance	17,282	9,705	-	-	-	-	26,987	3,462	-	30,449
Training	17,466	13,510	-	-	-	-	30,976	7,889	-	38,865
Utilities	24,396	12,385	-	-	-	-	36,781	1,322	286	38,389
Depreciation	-	-	-	-	-	-	-	5,089	-	5,089
<b>Totals</b>	<b>\$ 599,391</b>	<b>\$ 339,223</b>	<b>\$ 6,798</b>	<b>\$ 4,503</b>	<b>\$ 19,183</b>	<b>\$ 5,000</b>	<b>\$ 974,098</b>	<b>\$ 50,340</b>	<b>\$ 33,438</b>	<b>\$ 1,057,876</b>

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

CENTER FOR CHILDREN AND FAMILIES, INC. -  
SERVING NORTHEAST LOUISIANA  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2004

	TANF	CJA	IOLTA	VOCA	Total Program Services	Management and General	Fundraising	2004 Total Expenses
Advertising/Promotion	\$ 30,355	\$ -	\$ -	\$ -	\$ 30,355	\$ -	\$ -	\$ 30,355
Dues and Subscriptions	120	100	-	-	220	-	-	220
Fixed Asset Purchases	53,892	-	-	-	53,892	-	-	53,892
Fund Raising Events	-	-	-	-	-	-	8,079	8,079
Insurance	48,169	-	-	1,200	49,369	-	-	49,369
Interest	296	-	-	-	296	2,608	-	2,904
Legal and Professional	25,203	-	-	-	25,203	-	-	35,039
Meetings/Seminars	-	3,001	-	262	3,263	-	-	3,263
Miscellaneous	198	-	-	-	198	152	9,158	9,508
Office	11,576	-	-	-	11,576	144	-	11,720
Postage	5,172	-	-	-	5,172	-	-	5,172
Project Coordination	562,759	2,406	9,007	5,549	579,721	-	71	579,792
Rent	56,586	-	-	-	56,586	-	-	56,586
Repairs and Maintenance	25,184	-	-	-	25,184	-	-	25,184
Training	19,101	-	-	-	19,101	-	-	19,101
Utilities	28,779	-	-	-	28,779	-	1,026	29,805
Depreciation	-	-	-	-	-	309	-	309
<b>Totals</b>	<b>\$ 867,390</b>	<b>\$ 5,507</b>	<b>\$ 9,007</b>	<b>\$ 7,011</b>	<b>\$ 888,915</b>	<b>\$ 3,213</b>	<b>\$ 28,170</b>	<b>\$ 920,298</b>

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



CENTER FOR CHILDREN AND FAMILIES, INC.-  
SERVING NORTHEAST LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005 AND 2004

**1. Organization and Nature of Business**

Center for Children and Families, Inc.-Serving Northeast Louisiana (CFCF) is a not-for profit public service Association organized under the laws of the State of Louisiana on February 8, 1999. CFCF was organized for the advocacy of children in the court and foster care systems within the Fourth District of Louisiana, and to do any and all things germane, incidental, and necessary to carry these objects and purposes into full effect.

Revenues are derived primarily from the following:

- a) State of Louisiana
- b) Contributions from the general public
- c) Fund raising efforts

On January 13, 2004, Center for Children and Families, Inc.-Serving Northeast Louisiana changed its legal name from CASA of Northeast Louisiana, Inc. (Court Appointed Special Advocates) to better represent to the public its function of helping youth and juvenile offenders and their families.

**2. Summary of Significant Accounting Policies**

a) ***Financial Statement Presentation:***

CFCF has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, CFCF is required to report information regarding its financial position and activities based on the absence or existence of donor-imposed restrictions. Accordingly, net assets of CFCF and changes therein may be classified as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Some unrestricted net assets may be designated by the Board for specific purposes.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of CFCF and/or by the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by CFCF. Generally, donors permit all or part of the income earned on these assets to be used for general or specific purposes. CFCF has no permanently restricted net assets as of June 30, 2005.

b) ***Basis of Accounting:***

CFCF prepares its financial statements on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

2. **Summary of Significant Accounting Policies (continued)**

c) ***Contributions:***

CFCF has adopted SFAS No. 116; "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor-imposed restrictions.

d) ***Promises to Give:***

Contributions are recognized when the donor makes a promise to give to CFCF that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets.

e) ***Contributed Goods and Services:***

During the years ended June 30, 2005 and 2004, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. However, significant numbers of volunteers donate substantial time and effort to aid CFCF in generating, distributing, and managing funds.

d) ***Estimates:***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e) ***Property and Equipment:***

Furniture and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Estimated Life</u>
Office Equipment	5 years

All expenditures for fixed assets in excess of \$1,000 are capitalized with the exception of assets purchased with TANF funds, which are expensed when incurred.

f) ***Advertising:***

Costs of advertising are expensed as incurred; total advertising costs were \$2,968 and \$315 for the years ending June 30, 2005 and 2004, respectively.

g) ***Cash Equivalents:***

For purposes of the statement of cash flows, CFCF considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents. All cash on deposit with financial institutions is fully secured through a combination of deposit insurance and collateralization of sufficient U.S. Government securities owned by the institution.

2. **Summary of Significant Accounting Policies (continued)**

b) ***Concentration of Credit Risk:***

CFCF has receivables from the State of Louisiana for reimbursement of costs incurred under grant agreements. This amount at June 30, 2005 was \$264,437. The concentration of credit risk on this amount is low, as it relates to receivables from the State of Louisiana.

CFCF places its financial instruments with a local high credit quality bank. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000.

i) ***Income Taxes:***

CFCF is exempt from federal and state income taxation under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in these financial statements.

j) ***Functional Allocation of Expenses:***

Expenses by function have been allocated among program and supporting services classifications on the basis of estimates made by CFCF's management. Expenses are charged to each program based on direct expenditures incurred.

3. **Grants Receivable**

Grants receivable due CFCF at year-end are as follows:

	<u>2005</u>	<u>2004</u>
Children's Justice Act	1,203	4,432
Family Foundation	212,323	-
TANF Grant	52,114	76,543
Total accounts receivable	<u>265,640</u>	<u>80,975</u>

4. **Property and Equipment**

Property and Equipment at June 30, 2005 and 2004 are composed of the following:

	<u>2005</u>	<u>2004</u>
Office equipment	50,213	1,904
Less accumulated depreciation	(6,843)	(1,754)
Net book value of fixed assets	<u>43,370</u>	<u>150</u>

Total depreciation expense charged to operations was \$5,089 and \$309 for the years ended June 30, 2005, and 2004, respectively.

5. **Line of Credit**

CFCF established an unsecured \$125,000 line of credit as of February 9, 2005 with a local bank. It was scheduled to mature on June 30, 2005 and had a variable rate of interest. It actually matured on July 19, 2005. Prior to that, CFCF established an unsecured \$120,000 line of credit as of September

12, 2003 (which increased by \$50,000 on June 30, 2004) with another local bank. It matures on September 12, 2006 and has a variable rate of interest. The balance outstanding at June 30, 2005 and 2004 was \$35 and \$25,058, respectively.

**6. Government Grants and Contracts**

Government grants and contracts are as follows:

	<u>2005</u>	<u>2004</u>
Chase Foundation	-	2,500
CJA (Children's Justice Act)	6,798	4,432
IOLTA (Louisiana Bar Association)	3,603	7,205
TANF (Temporary Assistance for Needy Families)	603,433	865,128
VOCA (Victims of Criminal Act)	8,756	6,784
Family Foundation	591,436	-
Total Government Grants and Contracts	<u>1,214,026</u>	<u>886,049</u>

**7. IOLTA Grant**

The following summarizes activity for the grant monies received from the Louisiana Bar Association IOLTA program for the years ended June 30, 2005 and 2004.

	<u>2005</u>	<u>2004</u>
Grant receipts	3,602	7,205
Expenditures:		
Project coordinator - IOLTA	<u>(4,503)</u>	<u>(9,007)</u>
Excess (deficit) revenue over expenditures	<u>(901)</u>	<u>(1,802)</u>

The grant agreement specifies these funds should be classified as temporarily restricted funds and should be separately disclosed within the financial statement. The funds shown above represent the only temporarily restricted net assets at June 30, 2005 and 2004.

**8. Commitments**

CFCF leases its buildings, generally in one year terms with options to renew each year, under operating lease arrangements. Future minimum lease payments for the next five years ending June 30 are as follows:

2006	66,256
2007	68,822
2008	73,424
2009	75,811
2010	81,212
	<u>365,525</u>

**9. Concentration of Contributions**

CFCF has contracted with the Louisiana Supreme Court to receive TANF funds and with the Louisiana Office of Youth Development to provide certain services to the area. Approximately 90% of CFCF's funding is generated from these two grants. The remaining is generated from public contributions, fund raising activities, other grants and interest income.

**10. Fair Value of Financial Instruments**

CFCF's financial instruments, none of which are held for trading purposes, consist primarily of cash on deposit at financial institutions (including certificates of deposit). CFCF estimates that the fair value of all financial instruments at June 30, 2005 and 2004 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position.

**11. Reclassifications**

Certain reclassifications were made to the 2004 financial statements to make them comparable to the 2005 presentation.

**CENTER FOR CHILDREN AND FAMILIES, INC. -**  
**SERVING NORTHEAST LOUISIANA**  
**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2005**

Federal Grantor/ Pass-Through Grantor Name Program Title	Federal CFDA Number	Revenue Recognized	Expenditures
United States Department of Health and Human Services: Passed through State of Louisiana Judicial Branch: TANF (Temporary Assistance for Needy Families)	93.558	603,433	599,391
Total Federal Financial Assistance		<u>603,433</u>	<u>599,391</u>

**OTHER INDEPENDENT AUDITORS' REPORTS**

**B&T BOND &  
TOUSIGNANT, LLC****CERTIFIED PUBLIC ACCOUNTANTS**

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the general purpose financial statements of Center for Children and Families, Inc. as of and for the year ended June 30, 2005, and have issued our report thereon dated November 8, 2005. 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.

**Compliance**

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

**Internal Control Over Financial Reporting**

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

This report is intended solely for the information and use of the board of directors, management, federal awarding agencies and pass-through entities, and others within the organization and is not intended to be and should not be used by anyone other than these specific parties.

*Bond & Tousignant, LLC*

November 8, 2005



**B&T BOND &  
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE WITH OFFICE OF MANAGEMENT AND  
BUDGET (OMB) CIRCULAR A-133

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

Compliance

We have audited the compliance of Center for Children and Families, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. Center for Children and Families, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Center for Children and Families, Inc.'s management. Our responsibility is to express an opinion on Center for Children and Families, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States; and the provisions of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center for Children and Families, 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. Our audit does not provide a legal determination of the Center for Children and Families, Inc.'s compliance with those requirements.

In our opinion, the Center for Children and Families, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control over Compliance

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

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

This report is intended solely for the information and use of the board of directors, management, federal awarding agencies and pass-through entities, the Louisiana Legislative Auditor and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

*Bond & Tousignant, LLC*

November 8, 2005

CENTER FOR CHILDREN AND FAMILIES, INC. –  
SERVING NORTHEAST LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2005

**A. Summary of Audit Results**

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

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

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Center for Children and Families, Inc. was determined to be a low-risk auditee.
10. A management letter was issued related to the financial statements for the year ended June 30, 2005.

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

None

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

None

CENTER FOR CHILDREN AND FAMILIES, INC. –  
SERVING NORTHEAST LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2005

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



CERTIFIED PUBLIC ACCOUNTANTS

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## MANAGEMENT LETTER

The Board of Directors  
Center For Children And Families, Inc.  
Monroe, Louisiana

We have audited the financial statements of Center For Children And Families, Inc., Inc. ("CFCF") as of and for the year ended June 30, 2005, and have issued our report thereon dated November 8, 2005. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As a part of our audit, we have issued our report on the financial statements, dated November 8, 2005, and our report on our internal control and compliance with laws, regulations, and contracts, dated November 8, 2005.

During the course of our audit, we became aware of the following matters, which represent immaterial deviations of compliance or suggestions for improved internal controls.

### ML-2005-01

#### **Finding:**

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

#### **Recommendation:**

Any fringe benefit provided by CFCF is taxable and must be included in employee W-2 income as part of compensation for personal services unless the law specifically excludes it. As such, the benefit would also be subject to employment taxes. We have not found a reference in our tax research that indicates that these fringe benefits can be excluded from employee gross income.

We recommend that Management research this matter further to ensure that treatment of these expenses is in compliance with federal and state employment laws. CFCF should consider including these reimbursements as part of employee wages.

#### **Management's Corrective Action Plan:**

Management will research this matter more fully and take appropriate corrective action as warranted.

The Board of Directors  
Center for Children And Families, Inc.  
Page Two

**ML-2005-02**

**Finding:**

We noted in one instance where CFCF paid a \$5,494 invoice twice for a copy machine. The invoice was paid once when received and paid again when the monthly statement was received from the vendor.

**Recommendation:**

We recommend that CFCF pay all its bills from invoices rather than from monthly statements. Statements should be used to determine if all invoices have been received from vendors rather than be used to pay amounts owed to vendors.

**Management Corrective Action Plan:**

Management agrees that payments for expenses incurred need to be paid from invoices only and will more carefully do so in the future. Vendor statements will be used to ensure that all invoices have been received.

We recommend Management address the foregoing issues as an improvement to its operations and the administration of public programs. We are available to further explain the recommendations or help implement them.

Monroe, Louisiana  
November 8, 2005