REGINA COELI CHILD DEVELOPMENT CENTER

FINANCIAL STATEMENTS

MAY 31, 2021

Postlethwaite & Netterville
A Professional Accounting Corporation
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REGINA COELI CHILD DEVELOPMENT CENTER

FINANCIAL STATEMENTS

MAY 31, 2021

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30th Floor, Energy Centre, 1100 Poydras Street – New Orleans, LA 70163
One Galleria Blvd., Suite 2100 – Metairie, LA 70001
504-837-5990 Phone – 504-834-3609 Fax – pncpa.com

A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Regina Coeli Child Development Center
Robert, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the Regina Coeli Child Development Center (the Center) (a nonprofit organization), which comprise the statements of financial position as of May 31, 2021 and 2020, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of May 31, 2021 and 2020, 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.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 18 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 audit 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 as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report under separate cover dated September 20, 2022, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Metairie, Louisiana
September 20, 2022

REGINA COELI CHILD DEVELOPMENT CENTER
ROBERT, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
MAY 31, 2021 AND 2020

A S S E T S

	2021	2020
CURRENT ASSETS:		
Cash and cash equivalents	$ 497,247	$ 573,015
Grants receivable	930,483	562,826
Prepaid expenses and other assets	2,107	2,107
Total current assets	1,429,837	1,137,948
OTHER ASSETS:		
Restricted cash for loan repayment	-	80,016
Total other assets	-	80,016
PROPERTY AND EQUIPMENT:		
Land	999,658	999,658
Buildings	11,276,752	10,722,416
Leasehold improvements	2,503,239	2,049,061
Vehicles	1,451,905	1,451,289
Equipment	1,079,318	867,987
	17,310,872	16,090,411
Less: accumulated depreciation	(7,482,297)	(7,005,419)
Total property and equipment, net	9,828,575	9,084,992
Total assets	$ 11,258,412	$ 10,302,956

L I A B I L I T I E S A N D N E T A S S E T S

	2021	2020
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 1,429,691	$ 1,539,928
Notes payable, current portion	539,601	589,862
Total current liabilities	1,969,292	2,129,790
LONG-TERM LIABILITIES:		
Notes payable, net of current portion	267,128	339,291
Total long-term liabilities	267,128	339,291
Total liabilities	2,236,420	2,469,081
NET ASSETS:		
Without donor restrictions	9,021,992	7,833,875
Total liabilities and net assets	$ 11,258,412	$ 10,302,956

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

REGINA COELI CHILD DEVELOPMENT CENTER
ROBERT, LOUISIANA

STATEMENTS OF ACTIVITIES
YEARS ENDED MAY 31, 2021 AND 2020

	2021	2020
REVENUES WITHOUT DONOR RESTRICTIONS:		
Contributions - grants	$ 19,676,192	$ 18,334,143
Contributions - goods and services	176,760	251,702
Contributions - other	57,740	97,572
Other income	71,860	35,338
Total revenues without donor restrictions	19,982,552	18,718,755
EXPENSES:		
Program	16,660,534	15,546,896
Management and general	2,133,901	2,301,647
Fundraising	-	4,690
Total expenses	18,794,435	17,853,233
CHANGE IN NET ASSETS	1,188,117	865,522
NET ASSETS AT BEGINNING OF YEAR	7,833,875	6,968,353
NET ASSETS AT END OF YEAR	$ 9,021,992	$ 7,833,875

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

REGINA COELI CHILD DEVELOPMENT CENTER
ROBERT, LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2021

	Program	Management and General	Fundraising	Total
Personnel	$ 10,615,768	$ 1,050,874	$ -	$ 11,666,642
Fringe benefits	2,018,080	234,186	-	2,252,266
Occupancy	1,133,279	206,889	-	1,340,168
Contributed goods and services	166,306	10,454	-	176,760
Food costs	713,789	1,321	-	715,110
Other supplies	298,059	253,765	-	551,824
Depreciation	605,848	67,316	-	673,164
Travel	158,725	20,412	-	179,137
Consultants	6,663	157,334	-	163,997
Educational supplies	525,841	-	-	525,841
Other	127,854	76,613	-	204,467
Training	202,064	5,592	-	207,656
Insurance	42,290	32,087	-	74,377
Interest	25,586	17,058	-	42,644
Loss on disposal of assets	20,382	-	-	20,382
Total	$ 16,660,534	$ 2,133,901	$ -	$ 18,794,435

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

REGINA COELI CHILD DEVELOPMENT CENTER
ROBERT, LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2020

	Program	Management and General	Fundraising	Total
Personnel	$ 9,883,680	$ 1,107,262	$ -	$ 10,990,942
Fringe benefits	1,610,948	544,934	-	2,155,882
Occupancy	1,167,176	120,284	-	1,287,460
Contributed goods and services	251,702	-	-	251,702
Food costs	624,030	170	-	624,200
Other supplies	218,702	192,728	-	411,430
Depreciation	566,397	62,933	-	629,330
Travel	218,612	24,557	-	243,169
Consultants	15,729	125,671	-	141,400
Educational supplies	267,575	1,384	-	268,959
Other	318,699	54,992	4,690	378,381
Training	225,402	7,678	-	233,080
Insurance	47,116	25,126	-	72,242
Interest	46,193	33,928	-	80,121
Loss on disposal of assets	84,935	-	-	84,935
Total	$ 15,546,896	$ 2,301,647	$ 4,690	$ 17,853,233

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

REGINA COELI CHILD DEVELOPMENT CENTER
ROBERT, LOUISIANA

STATEMENTS OF CASH FLOWS
YEARS ENDED MAY 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 1,188,117	$ 865,522
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Loss on disposal of property and equipment	20,382	84,935
Depreciation and amortization	673,164	645,880
Changes in operating assets and liabilities:		
Increase in grants receivable	(367,657)	(142,427)
Increase in accounts payable and accrued expenses	51,772	510,288
Net cash provided by operating activities	1,565,778	1,964,198
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(1,599,138)	(1,227,040)
Net cash used in investing activities	(1,599,138)	(1,227,040)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on notes payable	(122,424)	(396,428)
Net cash used in financing activities	(122,424)	(396,428)
Net change in cash and cash equivalents	(155,784)	340,730
Cash, cash equivalents, and restricted cash, beginning of year	653,031	312,301
Cash, cash equivalents, and restricted cash, end of year	$ 497,247	$ 653,031
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest expense	$ 42,644	$ 63,571
Change in accounts payable for property and equipment	$ (162,009)	$ 163,791
Reconciliation of cash, cash equivalents, and restricted cash reported:		
Cash and cash equivalents	$ 497,247	$ 573,015
Restricted cash	-	80,016
Total cash, cash equivalents, and restricted cash reported	$ 497,247	$ 653,031

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

1. Summary of Significant Accounting Policies

Organization

Regina Coeli Child Development Center (the Center) is a non-profit center that operates Head Start programs in Southeast Louisiana. The Center has been in existence since 1969. It operates twenty-one centers, including Head Start and Early Head Start programs, in the five parishes of Livingston, St. Helena, St. Tammany, Tangipahoa, and Washington. The Center provided services to approximately 1,600 children during the years ended May 31, 2021 and 2020. The goal of the Center is to improve the educational and economic opportunities of those it serves.

A summary of the Center's significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

Basis of Presentation

The financial statements of the Center have been prepared on an accrual basis in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require the Center to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Center's management and the Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. For the years ended May 31, 2021 and 2020, the Center had no revenues or net assets with donor restrictions.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities.

Cash and cash equivalents

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and having original maturities of three months or less.

Grants Receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management determined that no year-end balances were deemed to be not collectible. Accordingly, a valuation allowance was determined to be unnecessary.

1. Summary of Significant Accounting Policies (continued)

Property and Equipment

All assets acquired having a cost or estimated fair value equal to or greater than $5,000 and an estimated useful life of over five years are capitalized and depreciated.

Buildings, vehicles, and equipment are stated at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Depreciation of all exhaustible fixed assets is charged as an expense. Depreciation has been calculated using the straight-line method. See Note 7 to the financial statements regarding the restrictions on assets acquired.

The estimated useful lives of property and equipment are as follows:

Description	Estimated Lives
Buildings	40 Years
Modular buildings	15 – 20 Years
Vehicles	10 Years
Equipment	5 – 10 Years
Leasehold improvements	10 – 30 Years

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) relating to accounting for the impairment or disposal of long-lived assets, an asset is determined to be impaired if the carrying amount may not be recoverable. The impairment loss is measured as the amount by which the carrying amount of the assets exceeds its fair value. Fair value is determined by using an independent appraisal based on market comparisons. There were no impairment losses in 2021 or 2020.

Restricted Cash

Restricted cash reported as a non-current asset on the Statements of Financial Position is restricted by the United States Department of Agriculture in order to conform to certain debt covenants. The restriction was released in 2021 when the debt was paid in full.

Grants, Contributions, and Revenue Recognition

The Organization recognizes contributions when cash, other assets, or an unconditional promise to give are received. Conditional promises to give, that is those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

The Organization also receives support in the form of grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenses and/or met the performance requirements in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenses or meeting the performance requirements are reported as refundable advances in the Statements of Financial Position. No amounts were reported as refundable advances at May 31, 2021 or 2020.

1. Summary of Significant Accounting Policies (continued)

Grants, Contributions, and Revenue Recognition (continued)

For the period June 1, 2020 through May 31, 2021 the Organization was awarded grants of approximately $21,000,000 which were conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. As of May 31, 2021 approximately $2,990,000 has not been recognized as revenue as the Organization has not incurred the qualifying expenditures to seek reimbursement.

Functional Expenses

The functional expenses have been summarized between program costs, management and general, and fundraising. Costs directly related to a particular function are charged based on actual costs. There are some costs that are allocated between Program and Management and General when both functions are benefitted by the same cost. These allocations primarily relate to salaries and benefits, which are determined by management based on time and effort.

In-Kind Contributions

FASB ASC No. 958-605 requires that in-kind contributions be recorded at their fair market value and accounted for as revenue when received and as an asset, reduction in a liability or an expense depending on the form of the benefits received. Contributions of services are to be recognized if the services received either (1) enhance a non-financial asset or (2) require specialized skills and would need to be purchased if not provided by donation. Services valued at $244,288 and $1,517,269 during the years ended May 31, 2021 and 2020, respectively, did not meet the criteria of U.S. GAAP and were not recognized. The following is a recap of in-kind contributions recognized in the years ended May 31:

	2021	2020
Personnel	$ 108,584	$ 32,089
Occupancy	31	67,599
Supplies	45,370	87,374
Rental of facilities	900	6,750
Transportation	1,281	204
Other services	20,594	57,686
Total	$ 176,760	$ 251,702

1. Summary of Significant Accounting Policies (continued)

Estimates

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

Concentrations of Credit Risk

The Center periodically maintains cash in bank accounts in excess of insured limits. The Center has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Accounting Pronouncements Issued But Not Yet Effective

In February 2016, the FASB issued ASU No. 2016-02, "Leases." This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. FASB issued an optional delay in this standard upon issuance of ASU 2020-05. The entity has elected to delay implementation of this standard. Thus, the entity will adopt this standard in the fiscal year ended May 31, 2023.

In September 2020, the FASB issued ASU 2020-07, "Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets." The FASB ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in- kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in- kind. The FASB ASU requires the new standard to be applied retrospectively, with amendments taking effect for annual reporting periods beginning after June 15, 2021.

The Center's management is currently assessing the impact of these pronouncements on the financial statements.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets or changes in net assets.

2. Liquidity and Availability

The Center receives approximately 98% of its funding from federal grants and raises the remaining portion through local efforts (non-federal share). These grants operate on a reimbursement basis. Because all assets owned by the Center were purchased with federal funds, the federal government retains a right (federal notice of interest) in ownership of these assets, and the Center is restricted from selling any or all assets. The Center is not allowed to maintain reserves or sell assets without federal approval. Should the Center lose federal grant funding, the Center would cease operations and would receive funds from the Office of Head Start (OHS) to settle any outstanding operating expenses and cover payroll expenses through the closing date. OHS would then work with the Center to transfer assets and liabilities of the Center to a new grantee.

The following represents the Center's financial assets at May 31:

	2021	2020
Financial assets at year end:		
Cash and cash equivalents	$ 497,247	$ 573,015
Restricted cash	-	80,016
Grants receivable	930,483	562,826
Total financial assets	1,427,730	1,215,857
Less amounts not available to be used within one year:		
Restricted cash	-	80,016
Financial assets available to meet general expenditures over the next twelve months	$ 1,427,730	$ 1,135,841

3. Grants Receivable

Grants receivable at May 31 consisted of the following:

	2021	2020
Federal Grants		
Head Start Program	$ 793,715	$ 487,054
Child Care Food Program	136,768	75,772
Total	$ 930,483	$ 562,826

4. Retirement Plan

The Center sponsors a profit sharing plan under Section 404(c) of the Internal Revenue Code. The Plan is a defined contribution plan covering all full-time employees of the Center who are age eighteen or older. Employees are enrolled as active participants on the first day of the month coinciding with or immediately following the date eligibility requirements are met.

Each year, participants may make salary deferral contributions in any percentage from 1% to 100% of compensation subject to the maximum amount permitted by law. The value of a participant's account attributable to his or her contributions is always fully vested. Each plan year the Board of Directors will determine the amount of the employer contribution (if any) that will be made for all eligible participants who are actively employed on the last day of the plan year, which is May 31st. The plan has a five-year vesting schedule for employer contributions as follows:

Year	Percent
0 to less than 2 years	0%
2 years	25%
3 years	50%
4 years	75%
5 or more years	100%

A participant becomes fully vested in his or her entire account when he or she reaches either early retirement or normal retirement age.

During the years ended May 31, 2021 and 2020, $429,738 and $751,957, respectively, was contributed to the plan for the benefit of the plan participants employed by the Center, which is included in fringe benefits in the Statements of Activities.

5. Notes Payable

A summary of notes payable for purchases of Head Start facilities is as follows:

	2021	2020
4.875% Mortgage payable to U.S.D.A. Rural Economic and Community Development, secured by real estate, due in monthly installments of $3,933 through August 2027.	$ 244,175	$ 277,998
6.00% Mortgage payable to an individual, secured by real estate, due in monthly installments of $3,575 through October 2023.	98,506	134,101
Variable rate revenue bonds payable to a bank, secured by letter of credit from another bank, due in monthly payments through July 2020. Fees for this loan include a trustee fee of $1,500 annually, a remarketing fee of $875 quarterly and a quarterly letter of credit fee calculated at 1.25% per annum of the outstanding principal balance. Weekly variable interest rate, based on Barclays index, at May 31, 2020. The bonds were paid in full during the year ended May 31, 2021.	-	21,964
4.89% Mortgage payable to a bank, secured by real estate. The terms of this agreement were updated during fiscal year 2018. Payment is due in monthly installments of $4,538 through May 2022, with a lump sum final payment due June 1, 2022. This mortgage payable was paid in full subsequent to year end.	464,048	495,090
Total	806,729	929,153
Less: current portion	(539,601)	(589,862)
Total long-term notes payable, net	$ 267,128	$ 339,291

5. Notes Payable (continued)

The Center makes monthly payments on the revenue bonds to the paying agent who deposits the payments into an escrow account until the due date of the principal. The Center considers these monthly payments to the escrow agent as principal payments on variable rate revenue bonds.
Principal payments on notes payable required in future years as of May 31, 2021, are as follows:

Year	Amount
2022	$ 539,601
2023	77,799
2024	58,604
2025	41,089
2026	43,137
Thereafter	46,499
Total	$ 806,729

The Center's credit agreements require certain covenants to be met at the end of each fiscal year. As of May 31, 2021 and 2020, the Center was not in compliance with a requirement of one note payable related to the timing of financial reporting. The Center did not obtain a waiver for this requirement. As a result, the mortgage payable in the amount of $464,048 and $495,090 has been presented as a current liability in the financial statements for the fiscal years ended May 31, 2021 and 2020, respectively.

In 2005, the Center incurred loan issuance costs of $66,200. The Center amortizes these loan costs annually. The amortization expense was $0 and $16,550 for each of the years ended May 31, 2021 and 2020, respectively, and is reported in the Statements of Activities as interest expense.

6. Operating Leases

The Center has commitments related to lease agreements for space rental for three facilities. Two leases expire in June 2022, while a third lease expires in September 2024. Total lease expense included in occupancy expense in the accompanying financial statements for obligations under these leases was $105,173 and $99,656 for the years ended May 31, 2021 and 2020, respectively. Annual lease commitments required in future years as of May 31, 2021, are as follows:

Year	Amount
2022	$ 35,000
2023	30,000
2024	30,000
2025	10,000
Total	$ 105,000

7. Restrictions on Assets

All assets acquired with Department of Health and Human Services funds are owned by the Center while used in the Head Start program for which they were purchased. The Department of Health and Human Services, however, has a reversionary interest in the assets purchased with grant funds, which includes all assets reported as fixed assets. Therefore, the disposition of these assets, as well as the ownership of any sale proceeds, is subject to the requirements of the Department of Health and Human Services.

8. Contingencies

Use of Land

On December 6, 2018, the Center executed a new cooperative endeavor agreement with the Board of Supervisors for the University of Louisiana System and Southeastern Louisiana University. Pursuant to the agreement, the Center receives the use of land for its center located on the campus of Southeastern Louisiana University at no cost for an initial term of twenty years. At termination of the agreement or upon default of the Center, the modular buildings at that location would have to be relocated.

Grant Programs

The Center participates in a number of federal programs which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Center has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of May 31, 2021 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Center.

9. Board of Directors Compensation

The members of the Center's board of directors were not compensated during the years ended May 31, 2021 and 2020.

10. Economic Dependency

The Center receives the majority of its revenue in the form of grants from the U.S. Department of Health and Human Services. The grant amounts are appropriated each year by the federal government. If significant budget cuts are made at the federal level, the amount of funds the Center receives could be reduced significantly and have an adverse impact on its operations. Additionally, the Center must resubmit applications for federal funding every 5 years (funding is awarded in 5-year blocks). The loss or significant reduction of federal programs funding could have a material adverse effect on the Center's operations. In June 2019, the Center's Head Start and Early Head Start federal grant funding was renewed through May 31, 2024. Additional temporary funding related to COVID-19 of approximately $1.2 million in 2021. Additional awards of approximately $2.5 million have been made; however, no expenditures have been incurred to date related to these awards.

11. Subsequent Events

Hurricane Ida impacted the Southeast Louisiana region on August 29, 2021. The Center and operations were closed for approximately two weeks after Hurricane Ida's landfall. One location was closed and reopened in January 2022. Four locations sustained roof damage which impacted when these locations reopened and resumed services. The damages to the facilities were substantially covered by property insurance less any applicable deductible amounts.

As described in Note 5, the Center's mortgage payable to a bank was paid in full subsequent to year end.

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 20, 2022, and determined that no additional events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

REGINA COELI CHILD DEVELOPMENT CENTER

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD YEAR ENDED MAY 31, 2021

Agency Head: Susan Spring, Executive Director

Purpose:		Amount
Salary		$ 113,494
Benefits – life insurance		52
Payroll taxes		8,840
Conference travel		444
Meal reimbursement		34
	Total	$ 122,864

See independent auditors' report.

REGINA COELI CHILD DEVELOPMENT CENTER

SINGLE AUDIT REPORT

MAY 31, 2021

Postlethwaite & Netterville
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pncpa.com

REGINA COELI CHILD DEVELOPMENT CENTER

SINGLE AUDIT REPORT

MAY 31, 2021

C O N T E N T S

P&N
Postlethwaite & Netterville

30th Floor, Energy Centre, 1100 Poydras Street – New Orleans, LA 70163
One Galleria Blvd., Suite 2100 – Metairie, LA 70001
504-837-5990 Phone – 504-834-3609 Fax – pncpa.com

A Professional Accounting Corporation

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

To the Board of Directors
Regina Coeli Child Development Center

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Regina Coeli Child Development Center (the Center) (a nonprofit organization), which comprise the statement of financial position as of May 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 20, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Regina Coeli Child Development Center's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

Postlethwaite & Netterville

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Regina Coeli Child Development Center'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 financial statements. 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 instances of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2021-002.

The Center's Response to Findings

The Center's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Center's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

Metairie, Louisiana
September 20, 2022

P&N
Postlethwaite & Netterville

30th Floor, Energy Centre, 1100 Poydras Street – New Orleans, LA 70163
One Galleria Blvd., Suite 2100 – Metairie, LA 70001
504-837-5990 Phone – 504-834-3609 Fax – pncpa.com

A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Regina Coeli Child Development Center

Report on Compliance for Each Major Federal Program

We have audited the Regina Coeli Child Development Center's (the Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Center's major federal program for the year ended May 31, 2021. The Center's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Center's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Center's compliance.

Opinion on Major Federal Program

In our opinion, the Regina Coeli Child Development Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended May 31, 2021.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-003. Our opinion on each major federal program is not modified with respect to this matter.

The Center's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Center's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Regina Coeli Child Development Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control* over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identity certain a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-004, that we consider to be a significant deficiency.

The Center's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Center's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Postlethwaite & Netterville

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Regina Coeli Child Development Center as of and for the year ended May 31, 2021, and have issued our report thereon dated September 20, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Uniform Guidance 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 audit 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Postlethwaite & Netterville

Metairie, Louisiana
September 20, 2022

REGINA COELI CHILD DEVELOPMENT CENTER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED MAY 31, 2021

Federal Grantor/Pass-Through Grantor/ Program Title/Program Description	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Child Care Food Program	10.558	N/A	$ 655,744
(Passed through the Louisiana Department of Education)			
U.S. Department of Health and Human Services			
Direct:			
Head Start/Early Head Start-Major Program	93.600	06CH010949-01 06CH010949-02	16,463,643
COVID-19: Head Start/Early Head Start-Major Program	93.600	06CH010949-02-02	1,160,380
Early Head Start Expansion-Major Program	93.600	06HP000077-03-00	1,320,601
COVID-19: Early Head Start Expansion-Major Program	93.600	06HP00007703C3	75,824
Total U.S. Departments of Health and Human Services	93.600		19,020,448
Total Federal Grants			$ 19,676,192

See accompanying notes to the schedule of expenditures of federal awards.

REGINA COELI CHILD DEVELOPMENT CENTER

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED MAY 31, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Center under programs of the federal government for the year ended May 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Center.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. There were no federal awards passed through to other agencies during the year.

3. Community Facilities Loans

As of May 31, 2021, Regina Coeli Child Development Center had a loan outstanding to the U.S. Department of Agriculture as follows:

Livingston Center	$ 244,175

The above loan is not included in the Schedule because there are no related compliance requirements other than timely payment and the requirement of certain restricted cash as described in Note 5 to the financial statements.

4. Relationship to Financial Statements

Federal awards are included in the Statement of Activities of the Center as grants revenue.

5. De Minimis Cost Rate

During the year ended May 31, 2021, the Center did not elect to use the 10% de minimis cost rate as covered in §200.414 of the Uniform Guidance.

REGINA COELI CHILD DEVELOPMENT CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED MAY 31, 2021

(A) Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified:	Yes
• Significant deficiency(ies) identified that are not considered to be material weaknesses:	None reported
Noncompliance material to the financial statements:	No
Other matter:	Yes

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings which are required to be reported in accordance with Uniform Guidance?	Yes
Identification of major programs:	
U.S. Department of Health and Human Services Head Start / Early Head Start / Early Head Start Expansion	93.600
Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as a low-risk auditee?	No

(B) Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards

2021-001 Internal Control Over Financial Reporting

Criteria: Internal control processes for organizations should include ensuring that policies and procedures exist that pertain to an entity's ability to initiate, record, process, and report financial data in accordance with U.S. generally accepted accounting principles (GAAP).

Condition: The Center's control policies and procedures did not include timely reconciliation and review of several key financial statement areas. During our audit, we noted many accounts that required adjustment in order for them to properly reflect account balances at the end of the fiscal year. These included cash, property and equipment, debt, and revenue. This is a repeat finding.

Cause: The Center's accounting personnel were not properly following financial close out procedures to ensure compliance with generally accepted accounting principles.

Effect: The Center has a material weakness in their internal control over financial reporting. During the audit process, the Center hired a third party accountant who proposed material adjustments in order to correct the fiscal year end balances.

Recommendation: We recommend that management designate an appropriate personnel to maintain the books and records of the enter in accordance with U.S. GAAP. This would involve appropriate reconciliation of accounts and having these reconciliations and financial statement reports reviewed by a supervisor. This review should also ensure the accuracy and completeness of reconciliations.

View of Responsible Official and Planned Corrective Action

The Center concurs with the finding. The Center has added staffing and engaged a third-party accountant to assist with the month end and year end closing adjustments as of and for the year ended May 31, 2022. The Center has implemented procedures to ensure account reconciliations are accurately prepared as of May 31, 2022.

(B) Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards

2021-002 Non-Compliance with State Audit Law

Criteria: In accordance with R.S. 24:513, any local auditee that receives $500,000 or more in revenues and other sources in any one fiscal year shall be audited annually. The due date of the audit report is six months after the agency's fiscal year end.

Condition: The Center was required to have an annual audit completed by the filing of November 30, 2021 (six months after its fiscal year end). The Center requested and was granted a disaster/emergency extension by the Louisiana Legislative Auditor under the provisions of Louisiana Revised Statute 29:724(B)(1) through February 28, 2022. However, the Center did not meet this filing deadline.

Cause: The Center's accounts were not reconciled accurately and the close out of year-end financial statements did not occur in a timely manner.

Effect: The Center is not in compliance with State of Louisiana Audit Law. R.S. 39:72.1 does prohibit the payment of funds appropriated to an agency that is not in compliance with the State Audit Law.

Recommendation: The Center should ensure year-end close out procedures are done timely to allow sufficient time for the auditor to complete procedures in accordance with *Government Auditing Standards* and the State of Louisiana Audit Law.

View of Responsible Official and Planned Corrective Action

The Center concurs with the finding. The Center has added staffing and engaged a third-party accountant to assist with the month end and year end closing adjustments as of and for the year ended May 31, 2022. The Center has implemented procedures to ensure year end close out procedures are performed in a timely manner.

(C) Findings and Questioned Costs Relating to Federal Awards

Major Federal Program: U.S. Department of Health and Human Services – Head Start (Assistance Listing Number 93.600)

Grant Numbers: 06CH010949-01, 06CH010949-02, 06CH010949-02-02, 06HP000077-03-00, 06HP00007703C3

2021-003 Non-Compliance with Timely Submission of Audit Report to the Federal Audit Clearinghouse

Criteria:	In accordance the Uniform Guidance, the Center is required to submit the annual audit reporting package and Data Collection Form to the Federal Audit Clearinghouse within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period. In March 2021, the Office of Management and Budget issued Memorandum M-21-20, which states that awarding agencies should allow recipients and subrecipients with fiscal year ends through June 30, 2021, that have not yet filed their single audits with the Federal Audit Clearinghouse to delay the completion and submission of the single audit reporting package to six months beyond the normal due date. As the Center's normal due date was February 28, 2022, the allowed extension was through August 31, 2022.
Condition:	The Center did not meet the extended August 31, 2022 deadline for reporting to the Federal Audit Clearinghouse.
Cause:	The Center's accounts were not reconciled accurately and the close out of year-end financial statements did not occur in a timely manner.
Effect:	The Center is not in compliance with the Uniform Guidance requirement to submit the audit to the Federal Audit Clearinghouse by August 31, 2022.
Questioned Costs:	For the purposes of this finding, there were no questioned costs.
Identification of a Repeat Finding:	This is not a repeat finding.
Recommendation:	The Center should implement procedures to ensure that the 2022 audit is submitted by the deadline.

View of Responsible Official and Planned Corrective Action

The Center concurs with the finding. The Center has added staffing and engaged a third-party accountant to assist with the month end and year end closing adjustments as of and for the year ended May 31, 2022. The Center has implemented procedures to ensure the May 31, 2022, audit is submitted by the deadline.

(C) Findings and Questioned Costs Relating to Federal Awards

Major Federal Program: U.S. Department of Health and Human Services – Head Start (Assistance Listing Number 93.600)

Grant Numbers: 06CH010949-01, 06CH010949-02, 06CH010949-02-02, 06HP000077-03-00, 06HP00007703C3

2021-004 Equipment and Real Property Management - Failure to Obtain Approval for Disposition of Property Acquired with Federal Awards

Criteria:	In accordance the Uniform Guidance and the terms and conditions of the federal award agreement, the Center is required to obtain approval for disposition of personal or real property that has been acquired or improved with a federal award.
Condition:	A majority of the Center's assets have been purchased with federal awards. The Center disposed of property (vehicles) with a net book value of $27,634 and did not obtain appropriate approval from the awarding agency for this disposition.
Cause:	The Center's personnel did not follow up with the federal awarding agency to request appropriate approval for the disposition of property.
Effect:	The Center is not in compliance with the Uniform Guidance requirement to request appropriate approval for the disposition of property.
Questioned Costs:	For the purposes of this finding, the questioned costs are unknown.
Identification of a Repeat Finding:	This is not a repeat finding.
Recommendation:	The Center should implement procedures to ensure that future dispositions of property obtain appropriate approval from federal awarding agencies.

View of Responsible Official and Planned Corrective Action

The Center concurs with the finding. The Center has implemented procedures to ensure approval for disposition of property acquired with federal funds.

REGINA COELI CHILD DEVELOPMENT CENTER

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

YEAR ENDED MAY 31, 2021

2020-001 Internal Control over Financial Reporting

Condition:	The Center's control processes did not detect misstatements to property and equipment balances.
Effect:	Material adjustments were proposed during the audit process in order to correct balances in property and equipment accounts at May 31, 2020.
Status:	A similar finding is repeated in the current year at 2021-01.

RCCDC

Regina Coeli Child Development Center
22476 Highway 190
Robert, Louisiana 70455

September 20, 2022

Postlethwaite and Netterville
1 Galleria Blvd, Suite 2100
Metairie, Louisiana 70001

Subject: Corrective Action Plan

The following are the Center's responses and corrective action plan to the findings issued as part of the financial statement audit as of and for the year ended May 31, 2021.

1. 2021-1 – Internal Control over Financial Reporting – The Center concurs with the finding. The Center has added staffing and engaged a third-party accountant to assist with the month end and year end closing adjustments as of and for the year ended May 31, 2022. The Center has implemented procedures to ensure account reconciliations are accurately prepared as of May 31, 2022.

2. 2021-2 – Non-Compliance with State Audit Law – The Center concurs with the finding. The Center has added staffing and engaged a third-party accountant to assist with the month end and year end closing adjustments as of and for the year ended May 31, 2022. The Center has implemented procedures to ensure year end close out procedures are performed in a timely manner.

3. 2021-3 – Non-Compliance with Timely Submission of Audit Report to the Federal Audit Clearinghouse - The Center concurs with the finding. The Center has added staffing and engaged a third-party accountant to assist with the month end and year end closing adjustments as of and for the year ended May 31, 2022. The Center has implemented procedures to ensure the May 31, 2022, audit is submitted by the deadline.

4. 2021-4 – Equipment and Real Property Management- Failure to Obtain Approval for Disposition of Property Acquired with Federal Awards- The Center concurs with the finding. The Center has implemented procedures to ensure approval for disposition of property acquired with federal funds.

The Center has already added staffing and engaged a third-party accountant to assist with the month end and year end closing adjustment. The Center expects the findings to be resolved upon completion and submission of the May 31, 2022, financial statement audit by November 30, 2022. The person responsible for the corrective action is:

Josalyn B. Robinson, Ph.D.
Executive Director
Regina Coeli Child Development Center (the Center)
22476 Hwy 190
Robert, Louisiana 70455

Please let us know if you need additional information.

Regards,

JBRobinson, PhD

Josalyn B. Robinson, Ph.D.
Executive Director

P&N
Postlethwaite & Netterville

30th Floor, Energy Centre, 1100 Poydras Street – New Orleans, LA 70163
One Galleria Blvd., Suite 2100 – Metairie, LA 70001
504-837-5990 Phone – 504-834-3609 Fax – pncpa.com

A Professional Accounting Corporation

The Board of Directors
Regina Coeli Child Development Center
Robert, Louisiana

In planning and performing our audit of the financial statements of Regina Coeli Child Development Center (a nonprofit organization) (the Center) as of and for the year ended May 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Center's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, during our audit, we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency of the Center. We reported on the Center's internal control in our report dated September 20, 2022. This letter does not affect our report dated September 20, 2022, on the financial statements of the Center.

Our recommendation is summarized in Appendix A, which also contains management's response to the current year recommendation.

This communication is intended solely for the information and use of the Board, management, and others within the Center, and is not intended to be, and should not be, used by anyone other than these specified parties.

Postlethwaite & Netterville

Metairie, Louisiana
September 20, 2022

CURRENT YEAR RECOMMENDATION AND MANAGEMENT'S RESPONSE

2021-001: Filing of Federal Financial Report

In testing the Center's compliance with requirements of the Head Start award in accordance with Uniform Guidance, we noted that the submission of the Federal Financial Report (FFR) was late for one of the four quarters in the fiscal year. The FFR is due 30 calendar days after the quarter end. The Center's FFR for the quarter ended March 31, 2021, was submitted 4 days late. The Center should enhance its internal controls to ensure the Federal Financial Reports will be submitted in the required time frame.

Management's Response
The Center concurs with the observation. The Center has enhanced its internal controls to ensure the Federal Financial Reports are submitted in the required time frame.