

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS AND
AUDITORS' REPORTS**

June 30, 2019

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**
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Kushner LaGraize, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

S. DAVID KUSHNER*, CPA, CRFAC
WILSON A. LaGRAIZE, JR., CPA/CFF, CRFAC
ERNEST G. GELPI, CPA, CGFM
CRAIG M. FABACHER, CPA
DOUGLAS W. FINEGAN, CPA, CVA
*A Professional Accounting Corporation

MARY ANNE GARCIA, CPA
WILLIAM B. HAMILTON, CPA
KATHARINE M. LASSITER, CPA
RICHARD J. RUMNEY, CPA

INDEPENDENT AUDITORS' REPORT

Members
American Institute of CPA's
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To the Board of Directors
Agenda for Children, Inc. and Subsidiary

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Agenda for Children, Inc. (a nonprofit organization), and Subsidiary (the Organization) which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Agenda for Children, Inc. and Subsidiary as of June 30, 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise Agenda for Children, Inc. and the Subsidiary's consolidated financial statements as a whole. The accompanying Consolidating Statements of Financial Position, Consolidating Statements of Activities and Changes in Net Assets and Schedules of Compensation, Reimbursements, Benefits and Other Payments to Agency Heads is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. This information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2019, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Organization's internal control over financial reporting and compliance.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
December 27, 2019

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2019

ASSETS

	2019
CURRENT ASSETS	
Cash	\$ 1,539,020
Grants receivable	508,013
Accounts receivable	9,800
Prepaid expenses	58,810
Funds held for others	132,399
TOTAL CURRENT ASSETS	2,248,042
Deposits	10,700
Due from employees	33,315
Property and equipment, net	7,895
TOTAL ASSETS	\$ 2,299,952

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable and accrued liabilities	\$ 251,345
Funds held for others	132,399
TOTAL CURRENT LIABILITIES	383,744
COMMITMENTS	
NET ASSETS	
Without donor restrictions	1,454,264
With donor restrictions	461,944
TOTAL NET ASSETS	1,916,208
TOTAL LIABILITIES AND NET ASSETS	\$ 2,299,952

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Grant revenue	\$ 2,238,933	\$ 657,984	\$ 2,896,917
Contractor revenue	1,579,051	-	1,579,051
Fees	58,195	-	58,195
Contributions	60,486	-	60,486
Interest income	1,786	-	1,786
Other	18,418	-	18,418
Net assets released from restrictions	<u>961,306</u>	<u>(961,306)</u>	<u>-</u>
TOTAL REVENUES	4,918,175	(303,322)	4,614,853
EXPENSES			
Personnel costs	2,310,560	-	2,310,560
Travel and meetings	98,791	-	98,791
Occupancy	198,845	-	198,845
Advertising and promotion	2,298	-	2,298
Contract services	642,938	-	642,938
Information technology	63,296	-	63,296
Direct program expenses	1,008,039	-	1,008,039
Office	158,239	-	158,239
Other	<u>6,864</u>	<u>-</u>	<u>6,864</u>
TOTAL EXPENSES	<u>4,489,870</u>	<u>-</u>	<u>4,489,870</u>
Increase (Decrease) in net assets	428,305	(303,322)	124,983
Net assets, beginning of year	<u>1,025,959</u>	<u>765,266</u>	<u>1,791,225</u>
Net assets, end of year	<u>\$ 1,454,264</u>	<u>\$ 461,944</u>	<u>\$ 1,916,208</u>

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019

	2019
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 124,983
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	2,203
Changes in operating assets and liabilities:	
Decrease in grants receivable	386,640
Decrease in accounts receivable	134,370
Increase in prepaid expenses	(47,971)
Decrease in due from employees	11,176
Decrease in accounts payable and accrued liabilities	(104,480)
NET CASH PROVIDED BY OPERATING ACTIVITIES	506,921
NET INCREASE IN CASH	506,921
CASH AT BEGINNING OF YEAR	1,032,099
CASH AT END OF YEAR	\$ 1,539,020

AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019

NOTE I – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements of Agenda for Children, Inc., and its Subsidiary, New Orleans Early Education Network (the Organization).

Basis of Consolidation

In accordance with ASC 958-810-25-4, the financial statements of New Orleans Early Education Network (NOEEN) have been consolidated with the financial statements of Agenda for Children, Inc. (AFC). AFC has the power to direct the activities of NOEEN and has fiscal control over the assets of NOEEN through a fiscal sponsorship agreement. The consolidated financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. All intercompany transactions have been eliminated in the consolidation.

Nature of Activities

Agenda for Children, Inc. is a non-profit corporation organized to provide an informed, consistent and intentional voice on behalf of Louisiana's children. Agenda for Children, Inc. helps families find and choose child care and offers training and technical assistance for child care providers in the southeastern Louisiana area.

New Orleans Early Education Network is a non-profit corporation organized on June 22, 2017 to have a collective impact on the early childhood sector in New Orleans by increasing at-risk children's access to quality early care and education and by designing and implementing a systematic approach to improve the quality of all publicly funded early learning programs.

Basis of Presentation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with U.S. generally accepted accounting principles ("US GAAP"), which required the Organization 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 Organization's management and Board of Directors.

AGENDA FOR CHILDREN, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-Continued
June 30, 2019

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Net Assets With Donor Restrictions

Net assets are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expired, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statement of activities and changes in net assets.

New Accounting Pronouncements

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14. Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. This ASU has been applied to all periods presented.

In May 2014, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update No. 2014-09. Revenue from Contracts with Customers (Topic 606), or ASU 606. ASU 606 provides guidance outlining a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers that supersedes most current revenue recognition guidance. This guidance requires the Organization to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The original effective date of the guidance would have required the Organization to adopt at July 1, 2018; however, the FASB approved an optional one-year deferral of the effective date. Additionally, the new guidance requires enhanced disclosures, including revenue recognition policies to identify performance obligations to customers and significant judgments in measurement and recognition. The new guidance may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of adoption. The Organization is in the process of evaluating the overall impact this guidance will have on the financial statements beginning July 1, 2019.

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**

*NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-Continued
June 30, 2019*

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES –
CONTINUED

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

Accounts are written off as they are deemed uncollectible based on periodic review by management. The Organization does not require collateral. Because of the immateriality of uncollectible accounts, it is not considered necessary to establish an allowance provision.

Revenues and Other Support

Grants and other contributions of cash and other assets are reported as donor restricted support if they are received with donor-imposed stipulations that limit the use of the donated assets. When a donor's restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the Consolidated Statement of Activities and Changes in Net Assets as net assets released from restrictions.

Contributions of donated noncash assets are recorded at their estimated fair value at the date of donation.

Revenues related to grants that require the Organization to submit expenses for reimbursement are recorded when the funds are spent by the Organization on grant related activities.

Contractor revenues and fees are recognized as revenue when services are rendered.

Property and Equipment

Property and equipment are recorded at cost. The Organization capitalizes all expenditures in excess of \$5,000, and depreciates on a straight-line basis upon the following estimated useful lives: software - 3 years and furniture and equipment - 5 years. Leasehold improvements are depreciated over the shorter of the useful life of the improvement or the remaining term of the lease. Depreciation expense for the year ended June 30, 2019 totaled \$2,203.

AGENDA FOR CHILDREN, INC. AND SUBSIDIARY

*NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-Continued
June 30, 2019*

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Donated Services

Unpaid board members and volunteers conduct a significant portion of the Organization's functions. The value of this contributed time is not reflected in the accompanying consolidated financial statements since the volunteers' time does not meet the criteria necessary for recognition.

Advertising Expense

The Organization paid \$2,298 in advertising costs for the year ended June 30, 2019. The costs are expensed as incurred.

Income Taxes

Agenda for Children, Inc. is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and the Louisiana Revised Statutes. New Orleans Early Education Network is in the process of applying for an exemption under Section 501(c)(3) of the Internal Revenue Code and the Louisiana Revised Statutes. Therefore, no provision for income taxes has been included in these consolidated financial statements.

The Organization recognizes the tax benefit from uncertain tax positions only if it is "more likely than not" the tax position will be sustained on examination by the taxing authorities. To the extent the Organization's assessment of such tax positions change, the change will be recorded in the period in which the determination is made. No adjustments were required for the fiscal year ended June 30, 2019.

AFC's tax returns for the years ended June 30, 2016, 2017, and 2018 remain open and subject to examination by taxing authorities. The income tax returns for the year ended June 30, 2019 have not been filed.

Use of Estimates

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

Liquidity

Assets are presented in the accompanying Consolidated Statement of Financial Position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**

*NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-Continued
June 30, 2019*

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value of Financial Instruments

Fair value estimates, methods and assumptions for the Organization’s financial instruments are that the carrying amounts reported in the Consolidated Statement of Financial Position is a reasonable estimate of fair value for the fiscal year ended June 30, 2019.

Functional Expense Reporting

The cost of providing program and other activities have been summarized on a functional basis (See Note 7). Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expenses	Method of Allocation
Personnel costs	Time and effort
Travel and meetings	Time and effort
Occupancy	Time and effort
Advertising and promotion	Time and effort
Contract services	Time and effort
Information technology	Time and effort
Office	Time and effort
Other	Time and effort

Fiscal Agent Agreement – Funds Held for Others

The Organization is the fiscal agent for New Pathways NOLA, Inc., a nonprofit organization. Assets of New Pathways NOLA, Inc. in the amount of \$132,399 are recorded as “funds held for others” on the accompanying Consolidated Statement of Financial Position with a corresponding liability in the same amount at June 30, 2019. Amounts received or distributed, investment income or loss, and expenses with regard to these funds are not presented on the accompanying consolidated Statements of Activities and Changes in Net Assets.

NOTE 2 – OFF BALANCE SHEET RISK

The Organization maintains its cash in bank accounts. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash at June 30, 2019, exceeded federally insured limits by \$1,010,458. The cash balance could be impacted if the underlying financial institutions fail or could be subject to other adverse conditions in the financial markets.

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**

*NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-Continued
June 30, 2019*

NOTE 3 – CONCENTRATIONS

The Organization had one agency i.e., (the Louisiana Department of Education) who accounted for 67% of total revenues and 98% of total receivables for the year ended June 30, 2019.

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2019, the net assets with donor restrictions were for the following purposes:

Baptist Community Ministries (NOEEN)	\$ 46,701
Kellogg Bridge to Quality	60,000
Kellogg City Seats	41,202
Kellogg ECHO Grant Fund	94,212
Kellogg Early Childhood Institute	<u>219,829</u>
	<u>\$ 461,944</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2019 consisted of the following:

Leasehold improvements	\$ 52,392
Telephone	11,016
Software	<u>21,880</u>
	85,288
Less accumulated depreciation	<u>(77,393)</u>
	<u>\$ 7,895</u>

NOTE 6 – COMMITMENTS

The Organization leases office locations in New Orleans, Louisiana which expires on December 31, 2022, Mandeville, Louisiana which expired on March 31, 2019, and Houma, Louisiana which expired on June 30, 2015. The Mandeville and Houma leases continued subsequent to expiration on a month-to-month basis.

Future minimum lease payments are as follows:

Year Ended	
<u>June 30,</u>	
2020	\$ 80,100
2021	81,900
2022	84,000
2023	<u>42,600</u>
	<u>\$ 288,600</u>

The rental expense for the year ended June 30, 2019 totaled \$144,386.

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-Continued
June 30, 2019

NOTE 7 – CLASSIFICATION OF EXPENSES

The Consolidated Statement of Activities and Changes in Net Assets disclose expenses by natural classification. The classification of expenses by function for the year ended June 30, 2019 is as follows:

	Program Services	Communication & Policy	SUPPORTING SERVICES		Total
			Management & General	Fundraising	
Personnel costs	\$ 1,820,638	\$ 118,610	\$ 371,312	\$ -	\$ 2,310,560
Travel and meetings	88,131	1,371	9,289	-	98,791
Occupancy	72,666	-	126,179	-	198,845
Advertising and promotion	1,159	-	1,139	-	2,298
Contract services	607,336	2,400	33,202	-	642,938
Information technology	15,682	-	47,614	-	63,296
Direct program expenses	1,008,039	-	-	-	1,008,039
Office	126,355	1,567	30,317	-	158,239
Other	3,380	-	3,484	-	6,864
	<u>\$ 3,743,386</u>	<u>\$ 123,948</u>	<u>\$ 622,536</u>	<u>\$ -</u>	<u>\$ 4,489,870</u>

NOTE 8 – RELATED-PARTY TRANSACTIONS

The Organization incurred expenses with a business owned by a current board member totaling \$96,000 during the year ended June 30, 2019 for services related to its child care training programs.

NOTE 9 – COMPENSATED ABSENCES

Employees of the Organization are entitled to paid vacation and sick days, depending on length of service and other factors. The Organization's policy is to accrue amounts earned by employees at the end of the year. As of June 30, 2019 the Organization has accrued \$24,952.

NOTE 10 – LIQUIDITY AND AVAILABILITY

As of June 30, 2019, the Organization had working capital of \$1,864,298.

Financial assets available for general expenditures within one year as of June 30, 2019, consist of the following:

Cash	\$ 1,539,020
Grants receivable	508,013
Accounts receivable	9,800
Due from employees	33,315
Deposits	<u>10,700</u>
Total Financial Assets	2,100,848

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**

*NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-Continued
June 30, 2019*

NOTE 10 – LIQUIDITY AND AVAILABILITY - CONTINUED

Less amounts not available to be used within one year:

Due from employees	33,315
Deposits	<u>10,700</u>

Financial assets not available to be used within one year	<u>44,015</u>
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Financial assets available to meet general expenditures within one year	<u>\$ 2,056,833</u>
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Other assets have been deemed to not likely be converted into cash within one year, and therefore, are not available to be used to satisfy general expenditures in the following year.

NOTE 11 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through the date the consolidated financial statements were available to be issued, which corresponds with the date of the independent auditors' report.

On October 1, 2019, Agenda for Children established a 403(b) plan with Ascensus Trust Company, covering substantially all employees.

No other material subsequent events have occurred since June 30, 2019 that require recognition or disclosure in these consolidated financial statements.

Kushner LaGraize, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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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

The Board of Directors of
Agenda for Children, Inc. and Subsidiary
New Orleans, Louisiana

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 consolidated financial statements of Agenda for Children, Inc. and Subsidiary (the Organization), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 27, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

The Organization's Response to Findings

The Organization's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the consolidated 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 Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
December 27, 2019

Kushner LaGraize, L.L.C.

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

The Board of Directors of
Agenda for Children, Inc. and Subsidiary
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Agenda for Children, Inc. and Subsidiary's (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2019. The Organization's major federal programs are 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the Organization 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, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kushner LaGrange, L.L.C.

Metairie, Louisiana
December 27, 2019

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

<u>Program Title</u>	<u>Award Number</u>	<u>CFDA Number</u>	<u>Passed through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Education				
Passed through State of Louisiana Department of Education:				
Preschool Development Grants	28-18-RM-A4	84.419B*	\$ 623,251	\$ 623,251
Preschool Development Grants	28-18-RL-A4	84.419B*	383,573	383,573
Preschool Development Grants	28-17-RL-A4	84.419B*	118,924	118,924
Preschool Development Grants	28-17-RM-A4	84.419B*	<u>1,051</u>	<u>1,051</u>
Total Preschool Development Grants			1,126,799	1,126,799
Special Education Cluster (IDEA):				
Special Education – Preschool Grant	28-18-CY-A4	84.173A	<u>-</u>	<u>33,107</u>
Total Special Education Cluster (IDEA)			<u>-</u>	<u>33,107</u>
Total for U.S. Department of Education			1,126,799	1,159,906
U.S. Department of Health and Human Services				
Passed through State of Louisiana Department of Education:				
ESSA Preschool Development Grants	28-19-RSB5-NH	93.434	-	17,818
CCDF Cluster:				
Child Care and Development Block Grant	28-18-CO-NH	93.575	-	165,541
Child Care and Development Block Grant	28-18-CZ-A4	93.575	<u>-</u>	<u>36,010</u>
Total CCDF Cluster			<u>-</u>	<u>201,551</u>
Total for U.S. Department of Health and Human Services			<u>-</u>	<u>219,369</u>
Total Federal Expenditures			<u>\$ 1,126,799</u>	<u>\$ 1,379,275</u>

* This program is considered a major program under the Uniform Guidance.

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**

*NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying *Schedule of Expenditures of Federal Awards* includes the federal grant activity of Agenda for Children, Inc and Subsidiary (the Organization) and is presented on the modified accrual basis of accounting. 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 Organization, it is not intended to and does not present the net position and changes in net assets of the Organization. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2 – DETERMINATION OF TYPE A AND TYPE B PROGRAMS

Federal award programs are classified as either Type A or Type B programs. For the year ended June 30, 2019, Type A programs consisted of the federal programs that expended over \$750,000 and Type B programs are the programs that expended under \$750,000.

NOTE 3 – DE MINIMIS COST RATE

During the year ended June 30, 2019, the Organization did not elect to use the 10% de minimis cost rate as covered in section 200.414 of the Uniform Guidance.

NOTE 4 – NON-CASH ASSISTANCE

No federal awards were expended in the form of non-cash assistance during the year ended June 30, 2019.

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of Auditors' Report Issued: Unmodified

Internal Control Over Financial Reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal Control Over Major Programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.419B	Preschool Development Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee Qualified as Low-Risk Auditee? Yes No

AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-Continued
Year Ended June 30, 2019

2. FINANCIAL STATEMENT FINDINGS

Significant Deficiencies:

2019-001

Criteria:

Management for the Organization is responsible for establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met and ensuring that management and financial information is reliable and properly reported as outlined in Section A1.08(d) of the *Government Auditing Standards*.

Condition:

During our audit procedures we noted, the Director of Finance and Administration has the ability to sign checks as a backup signer for instances when the Chief Executive Officer (the primary check signer) is not available; she also maintains the accounting records and can post entries to the general ledger.

Cause:

The Organization authorizes the Director of Finance and Administration to sign checks as a backup signer for the Chief Executive Officer on an emergency basis.

Effect:

With this weakness in segregation of duties, the Director of Finance and Administration could potentially perpetrate and conceal fraud and/or misstate the financial statements, whether through errors or misappropriation of the Organization's assets, and not be detected on a timely basis. However, there are a number of mitigating detective controls regarding this weakness, such as the Chief Executive Officer timely reviewing all bank statements and his responsibility to review and pre-approve all disbursements. Despite these mitigating detective controls, we still consider this a significant deficiency.

Recommendation:

The Organization should consider putting proper controls in place to ensure a proper segregation of duties between initiating, recording, and approving transactions.

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-Continued
Year Ended June 30, 2019

2. FINANCIAL STATEMENT FINDINGS - Continued

Management's Response:

Management concurred with the recommendation. See Management's Corrective Action Plan.

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**

*SCHEDULE OF PRIOR YEAR FINDINGS
AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019*

RESOLUTION

SECTION I – FINDINGS RELATED TO THE FINANCIAL STATEMENTS

2018-001 Segregation of Duties

Unresolved. See 2019-001.

SECTION II – FINDINGS RELATED TO QUESTIONED COSTS RELATED TO MAJOR FEDERAL
AWARD PROGRAMS

None

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019

	Agenda for Children, Inc.	New Orleans Early Education Network	Eliminations	Total
CURRENT ASSETS				
Cash	\$ 807,364	\$ 731,656	\$ -	\$ 1,539,020
Grants receivable	390,490	117,523	-	508,013
Accounts receivable	9,800	-	-	9,800
Accounts receivable – internal	518,084	-	(518,084)	-
Prepaid expenses	58,810	-	-	58,810
Funds held for others	<u>132,399</u>	<u>-</u>	<u>-</u>	<u>132,399</u>
TOTAL CURRENT ASSETS	1,916,947	849,179	(518,084)	2,248,042
Deposits	10,700	-	-	10,700
Due from employees	33,315	-	-	33,315
Property and equipment, net	<u>7,895</u>	<u>-</u>	<u>-</u>	<u>7,895</u>
TOTAL ASSETS	<u>\$ 1,968,857</u>	<u>\$ 849,179</u>	<u>\$ (518,084)</u>	<u>\$ 2,299,952</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	\$ 251,345	\$ 518,084	\$ (518,084)	\$ 251,345
Funds held for others	<u>132,399</u>	<u>-</u>	<u>-</u>	<u>132,399</u>
TOTAL CURRENT LIABILITIES	383,744	518,084	(518,084)	383,744
COMMITMENTS				
NET ASSETS				
Without donor restrictions	1,169,870	284,394	-	1,454,264
With donor restrictions	<u>415,243</u>	<u>46,701</u>	<u>-</u>	<u>461,944</u>
TOTAL NET ASSETS	<u>1,585,113</u>	<u>331,095</u>	<u>-</u>	<u>1,916,208</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,968,857</u>	<u>\$ 849,179</u>	<u>\$ (518,084)</u>	<u>\$ 2,299,952</u>

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**

CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2019

	Agenda for Children, Inc.	New Orleans Early Education Network	Eliminations	Total
REVENUES AND OTHER SUPPORT				
Grant revenue	\$ 1,598,158	\$ 1,298,759	\$ -	\$ 2,896,917
Contractor revenue	1,579,051	-	-	1,579,051
Fees	58,195	-	-	58,195
Contributions	60,486	-	-	60,486
Interest income	1,172	614	-	1,786
Other	36,418	-	(18,000)	18,418
	3,333,480	1,299,373	(18,000)	4,614,853
TOTAL REVENUE				
EXPENSES				
Personnel costs	2,078,284	232,276	-	2,310,560
Travel and meetings	65,752	33,039	-	98,791
Occupancy	181,772	17,073	-	198,845
Advertising and promotion	2,298	-	-	2,298
Contract services	471,312	189,626	(18,000)	642,938
Information technology	61,063	2,233	-	63,296
Direct program expenses	457,089	550,950	-	1,008,039
Office	141,956	16,283	-	158,239
Other	6,764	100	-	6,864
	3,466,290	1,041,580	(18,000)	4,489,870
TOTAL EXPENSES	3,466,290	1,041,580	(18,000)	4,489,870
Increase (Decrease) in net assets	(132,810)	257,793	-	124,983
NET ASSETS, Beginning of Year	1,717,923	73,302	-	1,791,225
NET ASSETS, End of Year	\$ 1,585,113	\$ 331,095	\$ -	\$ 1,916,208

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**
SCHEDULES OF COMPENSATION, REIMBURSEMENTS,
BENEFITS AND OTHER PAYMENTS TO AGENCY HEADS
FOR THE YEAR ENDED JUNE 30, 2019

Agency Head: Dr. Anthony Recasner,
CEO - Agenda for Children

Salary	\$	-
Benefits		<u>-</u>
Total	\$	<u>-</u>

Agency Head: Jennifer Roberts,
Executive Director - New Orleans Early Education
Network

Salary	\$	36,423
Benefits		<u>780</u>
Total	\$	<u>37,203</u>

Louisiana Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804-9397

Re: Agenda for Children Response to FY2019 Financial Statement Finding

Agenda for Children respectfully submits a corrective action plan in connection with the audit finding related to effective internal control for the year ended June 30, 2019.

Kushner LaGraize, LLC Recommendation:

The Organization should consider putting proper controls in place to ensure a proper segregation of duties between initiating, recording, and approving transactions.

Management's Response:

Management concurred with the recommendation. While the Director of Finance and Administration was a backup check signer when the Chief Executive Officer was not available, copies of all checks with supporting documentation that the Director of Finance and Administration signed were provided to the Chief Executive Officer for review. Further, all bank statements were opened and reviewed by the Chief Executive Officer; the bank statements include copies of all cleared checks.

The President has been added and will act as the backup signer in instances when the Chief Executive Officer is not available. The Director of Finance and Administration will remain listed as a signer for instances when the Chief Executive Officer and President are not available.

Access to the accounting system will be changed for the Director of Finance and Administration so as to ensure proper segregation of duties between initiating, recording, and approving transactions.

Kushner LaGraize, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

S. DAVID KUSHNER*, CPA, CRFAC
WILSON A. LaGRAIZE, JR., CPA/CFE, CRFAC
ERNEST G. GELPI, CPA, CGFM
CRAIG M. FABACHER, CPA
DOUGLAS W. FINEGAN, CPA, CVA
*A Professional Accounting Corporation

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

MARY ANNE GARCIA, CPA
WILLIAM B. HAMILTON, CPA
KATHARINE M. LASSITER, CPA
RICHARD J. RUMNEY, CPA

Members
American Institute of CPA's
Society of Louisiana CPA's

To Dr. Anthony Recasner, CEO and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Agenda for Children and Subsidiary (the Organization) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

I. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories:

a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

We obtained the entity's policies and procedures on budgeting and noted no specific policies and procedures related to budgeting. The entity is not subject to the Local Government Budget Act. However, as a monitoring procedure, the entity prepares a budget for each specific grant and the entity as a whole, which is reviewed at each board meeting.

b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

We obtained the entity's policies and procedures on purchasing and noted no exceptions.

- c) **Disbursements**, including processing, reviewing, and approving.

We obtained the entity's policies and procedures on disbursements and noted no exceptions.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.

We obtained the entity's policies and procedures on receipts and collections and noted no exceptions.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

We obtained the entity's payroll and personnel policies and procedures and noted no exceptions.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

We obtained the entity's policies and procedures on contracting and noted no specific policies and procedures related to obtaining contracts. The entity follows procurement procedures for contracts dictated by each specific grant program.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage.

We obtained the entity's policies on credit cards and noted no exceptions.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

We obtained the entity's policies and procedures on travel and expense reimbursements and noted no exceptions.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
Note: Ethics requirements are not applicable to nonprofits.

N/A – The organization is not required to have policies and procedures concerning ethics.

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

N/A – The organization is not required to have policies and procedures concerning debt service. The organization has no debt.

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after critical events.

We obtained the organization's policy on disaster recovery/business continuity and noted no exceptions.

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

2. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete.

The organization has one location that processes payments. Management has represented that the GL provided for this location is complete.

3. For each location selected under #2 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

The Organization's policies allow for one person to both initiate and act as final approver on disbursements. However, most payments the Organization makes are disbursed through

Bill.com. Through Bill.com, it is not possible for one person to initiate, approve, and release a transaction. See management's corrective action plan.

- b) At least two employees are involved in processing and approving payments to vendors.

Per the Organization's policies, it is possible for one person to initiate and approve payments to vendors. However, in practice this is not a common occurrence as most payments are processed through Bill.com, which requires two employees to be involved in processing and approving payments. See management's corrective action plan.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.

The Organization's policies allow for one person to add vendor files and process payments. However, periodically the CEO, who is prohibited from adding/modifying vendor files in the system, reviews the Organization's vendor listing. See management's corrective action plan.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The Organization's policies allow for one employee to process a payment and sign checks associated with that payment. However, this is not a common occurrence as most transactions are processed through Bill.com, which requires approval from an employee who did not initiate the transaction. See management's corrective action plan.

- 4. For each location selected under #1 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

Management provided the general ledger and we obtained management's representation that the general ledger is complete. We filtered for disbursements and removed credit card/debit card/fuel card/P-card purchases and travel and randomly selected 5 disbursements.

- a) Observe that the disbursement matched the original related invoice/billing statement.

Disbursements matched the original invoice/billing statement, without exception.

- b) Observe that the disbursement documentation included evidence of segregation of duties tested under #3, as applicable.

Documentation included evidence of segregation of duties, without exception.

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

Management has responded, see attached.

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

Kushner LaGrange, L.L.C.

Metairie, Louisiana

December 27, 2019

Louisiana Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804-9397

Re: Agenda for Children Response to FY2019 Financial Statement Finding

Agenda for Children respectfully submits a corrective action plan in connection with the audit finding related to effective internal control for the year ended June 30, 2019.

Kushner LaGraize, LLC Recommendation:

The Organization should consider putting proper controls in place to ensure a proper segregation of duties between initiating, recording, and approving transactions.

Management's Response:

Management concurred with the recommendation. While the Director of Finance and Administration was a backup check signer when the Chief Executive Officer was not available, copies of all checks with supporting documentation that the Director of Finance and Administration signed were provided to the Chief Executive Officer for review. Further, all bank statements were opened and reviewed by the Chief Executive Officer; the bank statements include copies of all cleared checks.

The President has been added and will act as the backup signer in instances when the Chief Executive Officer is not available. The Director of Finance and Administration will remain listed as a signer for instances when the Chief Executive Officer and President are not available.

Access to the accounting system will be changed for the Director of Finance and Administration so as to ensure proper segregation of duties between initiating, recording, and approving transactions.