FINANCIAL R E P O R T

MIRABEAU FAMILY LEARNING CENTER, INC.
AND SUBSIDIARY

DECEMBER 31, 2021

MIRABEAU FAMILY LEARNING CENTER, INC.
AND SUBSIDIARY

DECEMBER 31, 2021

INDEX TO FINANCIAL REPORT

DHHM
certified public accountants

Duplantier Hrapmann Hogan & Maher, LLP

A.J. Duplantier, Jr., CPA
(1919-1985)
Felix J. Hrapmann, Jr., CPA
(1919-1990)
William R. Hogan, Jr., CPA
(1920-1996)
James Maher, Jr., CPA
(1921-1999)

Lindsay J. Calub, CPA, LLC
Guy L. Duplantier, CPA
Michelle H. Cunningham, CPA
Dennis W. Dillon, CPA
Grady C. Lloyd, III CPA

Heather M. Jovanovich, CPA
Terri L. Kitto, CPA

Robynn P. Beck, CPA
John P. Butler, CPA
Jason C. Montegut, CPA
Paul M. Novak, CPA, AVB, CVA
Wesley D. Wade, CPA

Michael J. O' Rourke, CPA
David A. Burgard, CPA
Clifford J. Giffin, Jr., CPA
William G. Stamm, CPA

New Orleans
1615 Poydras Street,
Suite 2100
New Orleans, LA 70112
Phone: (504) 586-8866
Fax: (504) 525-5888

Northshore
1290 Seventh Street
Slidell, LA 70458
Phone: (985) 641-1272
Fax: (985) 781-6497

Houma
247 Corporate Drive
Houma, LA 70360
Phone: (985) 868-2630
Fax: (985) 872-3833

Napoleonville
5047 Highway 1
P.O. Box 830
Napoleonville, LA 70390
Phone: (985) 369-6003
Fax: (985) 369-9941

INDEPENDENT AUDITOR'S REPORT

June 21, 2022

To the Board of Directors and Management of
Mirabeau Family Learning Center, Inc. and Subsidiary
6251 General Diaz Street, Suite B
New Orleans, Louisiana 70124

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Mirabeau Family Learning Center, Inc. and Subsidiary (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mirabeau Family Learning Center, Inc. and Subsidiary as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Mirabeau Family Learning Center, Inc. and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mirabeau Family Learning Center, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Mirabeau Family Learning Center, Inc. and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mirabeau Family Learning Center, Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information as listed in the index to the financial report and the 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*, are 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 supplementary information and the schedule of expenditures of federal awards are 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 June 21, 2022, on our consideration of the Mirabeau Family Learning Center, Inc. and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mirabeau Learning Center, Inc. and Subsidiary'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 Mirabeau Family Learning Center, Inc.'s and its subsidiary's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher LLP

New Orleans, Louisiana

MIRABEAU FAMILY LEARNING CENTER, INC.
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	$ 53,843
Due from MFLC Partners, ALPIC	7,284
Due from Filmore Parc Apartments II	1,689
Total current assets	62,816
PROPERTY AND EQUIPMENT - NET	3,685
OTHER ASSETS:	
Due from related parties:	
Smith Square Development, ALPIC	19,888
St. Joe Estates I and II	231,880
Loans receivable:	
Filmore Parc Apartments II	1,575,000
MFLC Partners, ALPIC	2,200,000
Interest receivable:	
Filmore Parc Apartments II	1,219,945
MFLC Partners, ALPIC	1,708,769
Investment in Filmore Parc Apartments II	167,470
Investment in MFLC Partners, ALPIC	122,518
Total other assets	7,245,470
TOTAL ASSETS	$ 7,311,971

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts payable and accrued expenses	$ 282,446
Total current liabilities	282,446
OTHER LIABILITIES:	
Investment in St. Joe Estates I and II	12,180
Total other liabilities	12,180
Total liabilities	294,626
NET ASSETS:	
Without donor restrictions	7,017,345
TOTAL LIABILITIES AND NET ASSETS	$ 7,311,971

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

MIRABEAU FAMILY LEARNING CENTER, INC.
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

REVENUE:	
Donations	$ 7,995
Grant revenue	1,139,561
Income from after-school program	13,953
Interest income	294,353
Miscellaneous	692
Maintenance and office coordinator salary reimbursement - housing program	192,694
Total revenue	1,649,248
EXPENSES:	
Program services	1,382,688
Administrative and general	18,184
Total expenses	1,400,872
INCREASE IN NET ASSETS	248,376
Net assets at beginning of year	6,768,969
NET ASSETS AT END OF YEAR	$ 7,017,345

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

MIRABEAU FAMILY LEARNING CENTER, INC.
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services	Administrative and General	Total
EXPENSES:			
Bank fees	$ 142	$ 14	$ 156
Contract labor	8,670	963	9,633
Depreciation	-	1,064	1,064
Entertainment	-	297	297
Housing assistance expense	1,020,685	-	1,020,685
Interest	-	1,267	1,267
Insurance - general liability	3,503	-	3,503
Loss from investments in partnerships	130	-	130
Miscelleneous	-	36	36
Payroll taxes	6,673	669	7,342
Payroll taxes - housing program	13,694	-	13,694
Professional services	12,435	-	12,435
Rent	7,089	711	7,800
Repairs and maintenance	-	153	153
Salaries	124,227	12,363	136,590
Salaries - housing program	179,000	-	179,000
Supplies	3,229	324	3,553
Telephone and utilities	3,212	322	3,534
TOTAL EXPENSES	$ 1,382,688	$ 18,184	$1,400,872

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

MIRABEAU FAMILY LEARNING CENTER, INC.
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	$ 248,376
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	1,064
Net loss from investments in partnerships	130
(Increase) decrease in operating assets:	
Due from - Filmore Parc Apartments II	(3,238)
Due from - MFLC Partners, ALPIC	(5,646)
Accounts receivable - other	25
Interest receivable	(294,353)
Increase (decrease) in operating liabilities:	
Accounts payable and accrued liabilities	41,297
Net cash provided by operating activities	(12,345)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from line of credit	89,137
Payments on line of credit	(89,137)
Purchase of equipment	(3,465)
Net cash used by financing activities	(3,465)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(15,810)
Cash and cash equivalents - beginning of year	69,653
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 53,843
SUPPLEMENTARY CASH FLOW INFORMATION:	
Cash was paid for the following:	
Interest	$ 1,267
Income taxes	$ -

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

NATURE OF OPERATIONS:

Mirabeau Family Learning Center, Inc. is a neighborhood-based nonprofit organization committed to strengthening personal, family, and neighborhood self-reliance by providing education, training, affordable housing, and support services to residents of New Orleans, Louisiana. The primary source of revenue is federal grant income related to its affordable housing services.

The Center's wholly owned subsidiary, MFLC Development, L.L.C., is a limited liability company formed to develop affordable housing. Its primary source of revenue was development fee income in past years. No projects were developed in 2021.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Mirabeau Family Learning Center, Inc. and its subsidiary (collectively referred to as the Center) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to nonprofit organizations. The following is a summary of significant policies:

Principles of Consolidation

The consolidated financial statements include the accounts of the Mirabeau Family Learning Center, Inc. and its wholly-owned subsidiary, MFLC Development, L.L.C. All material inter-organization transactions have been eliminated.

Basis of Accounting

The consolidated financial statements are prepared under the accrual method of accounting in accordance with GAAP. Revenues are recognized in the period in which they become due. Expenses are recognized in the period in which the related liability is incurred.

Basis of Presentation

The Center is required to report information regarding its financial position according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets are reported as reclassifications between the applicable classes of net assets. The Center only had net assets without donor restrictions as of December 31, 2021.

The consolidated statement of activities presents expenses functionally between program services, fundraising, and administrative. Those expenses which cannot be specifically identified are allocated between functions based upon management's estimate of usage applicable to conducting those functions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Estimates

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

Statement of Cash Flows

For purposes of the consolidated statement of cash flows, all highly-liquid investments with an initial maturity of three months or less are considered cash equivalents.

Investments in Partnerships

The Center's investments in various partnerships are accounted for on the equity method of accounting (cost, adjusted for the income or loss of the partnership).

Property and Equipment

Property and equipment are recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful life of the assets, which ranges from 3 to 5 years for computer equipment. Expenditures for repairs and maintenance are charged to operating expenses as incurred. The Center maintains a threshold level of $1,000 or more for capitalized property and equipment.

Revenue

Revenues from exchange transactions, primarily federal grant income, is recognized as the services are performed. Unconditional donations are recognized as revenue when received. Conditional donations are recognized once the condition has been met. The Center did not have any conditional or donor restricted donations during 2021.

Donated Services

Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by a donation. No amounts have been reflected in the consolidated financial statements for donated services. The Center generally pays for services requiring specific expertise.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Compensated Absences

The Center provides eligible employees vacation time in varying amounts based on length of service. Accrued compensated absences for unused vacation are included in accounts payable and other accrued expenses.

2. REVENUE:

The Center receives substantially all of its revenue from the U.S. Department of Housing and Urban Development (HUD) for services provided, which is considered to be an exchange transaction within the scope of ASC Topic 606, *Revenue from Contracts with Customers.* Section 8 housing assistance income is based on predetermined rates as stipulated within the agreement between HUD and the Center. Revenue is recognized in the month which a contract unit is leased and occupied by an eligible family during the term of the Housing Assistance Payment (HAP) contract. The Center recognized $1,102,807 for service fees which are included in the consolidated statement of activities as grant revenue. The Center provides these funds to MFLC Partners, ALPIC and Filmore Parc Apartments II for the operations of low-income housing apartments net of a management fee (See Note 3).

During 2021, the Center also participated in the Housing Authority of New Orleans Landlord Incentive Program. This program offers a $500 signing bonus to landlords that sign a new Housing Assistance Payment (HAP) contract with a new Section 8 family to move into one of the available properties at MFLC Partners, ALPIC or Filmore Parc Apartments II. The Center reported $36,754 for the year ended December 31, 2021. The Center provides these funds to MFLC Partners, ALPIC and Filmore Parc Apartments II for the operations of low-income housing apartments net of a management fee (See Note 3).

The Center offers an after-school enrichment program to children of low-income families. Revenues from program support is recognized over the term of the program and the period the services are provided. The Center recognized $13,953 as income from the after-school program during 2021.

3. RELATED PARTY TRANSACTIONS:

MFLC Partners, ALPIC

The Mirabeau Family Learning Center is the managing general partner with an ownership percentage of .01% in MFLC Partners, ALPIC. At December 31, 2021, the Center had an investment in MFLC Partners, ALPIC, of $122,518. In 2021, the Center incurred a loss of $81 from its investment in MFLC Partners, ALPIC.MFLC Partners, ALPIC (Continued)

During 2021, the Center provided $661,651 of housing assistance to tenants residing in the apartment complex owned by MFLC Partners, ALPIC. During 2021, MFLC Partners, ALPIC reimbursed the Center $125,251 for maintenance and office coordinator assistance provided.

The Center has entered into an agreement with MFLC Partners, ALPIC, to provide supplemental, social, and educational experiences for the children of the apartment complex through an after-school enrichment program. In consideration of the program, the Center received $8,660 during 2021 from MFLC Partners, ALPIC.

In 2009, the Center executed an Act of Mortgage and a promissory note with MFLC Partners, ALPIC, in the amount of $2,200,000. The loan bears interest at 4.58%, compounded annually, and is due in annual installments of principal and interest if there is sufficient cash flow as defined in the Amended and Restated Agreement of Limited Partnership of MFLC Partners, ALPIC.

Payments contingent on cash flow are made by MFLC Partners, ALPIC, in the following order of priority:

1) to its limited partner, an amount equal to the Credit Deficiency
2) to its limited partner, an amount sufficient to pay federal income taxes on taxable income allocated to the limited partner
3) payment of the investor services fee
4) funding of the Operating Reserve
5) to the general partner, to repay an operating deficit contribution
6) to pay the loan to the Center

In no event will the outstanding principal and interest balances be due later than December 15, 2044. At December 31, 2021, the outstanding principal balance on the loan was $2,200,000 and the outstanding interest balance was $1,708,769. The Center obtained the funds that it loaned to MFLC Partners, ALPIC, from a federal grant passed through the City of New Orleans. The Center has assigned its rights and interests in the Act of Mortgage to the City of New Orleans. Management has evaluated collectability of the note and determined no allowance was necessary as of December 31, 2021.

3. RELATED PARTY TRANSACTIONS: (Continued)

MFLC Partners, ALPIC: (Continued)

At December 31, 2021, $7,284 was due from MFLC Partners, ALPIC, for various items

Filmore Parc Apartments II:

Mirabeau Family Learning Center is a general partner with an ownership percentage of .01% in Filmore Parc Apartments II. At December 31, 2021, the Center's investment in Filmore Parc Apartments II was $167,470. In 2021, the Center incurred a loss of $49 from its investment in Filmore Parc Apartments II.

The Center has an agreement with Filmore Parc Apartments II to provide supplemental social and educational experiences for the children of the apartment complex through an after-school enrichment program. In consideration of the program, the Center received $5,293 during 2021 from Filmore Parc Apartments II.

During 2021, the Center provided $359,034 of housing assistance to tenants residing in the apartment complex owned by Filmore Parc Apartments II.

During 2021, Filmore Parc Apartments II reimbursed the Center $67,443 for maintenance and office coordinator assistance provided.

In 2009, the Center executed an Act of Mortgage and a promissory note with Filmore Parc Apartments II in the amount of $1,575,000. The loan bears interest at 4.58%, compounded annually, and is due in annual installments of principal and interest if there is sufficient cash flow as defined in the Amended and Restated Agreement of Limited Partnership of Filmore Parc Apartments II. Payments contingent on cash flows are made by Filmore Parc Apartments II in the same order of priority as described for the loan to MFLC Partners, ALPIC, in the previous section. In no event will the outstanding principal and interest balances be due later than December 15, 2044. At December 31, 2021, the outstanding principal balance on the loan was $1,575,000 and the outstanding interest balance was $1,219,945. The Center obtained the funds that it loaned to Filmore Parc Apartments II from a federal grant passed through the City of New Orleans. The Center has assigned its rights and interests in the Act of Mortgage to the City of New Orleans. Management has evaluated collectability of the note and determined no allowance was necessary as of December 31, 2021.

At December 31, 2021, $1,689 was due to Filmore Parc Apartments II for various items.

3. RELATED PARTY TRANSACTIONS: (Continued)

Smith Square Development, ALPIC

The Center is the managing general partner with a .001% ownership interest in Smith Square Development, ALPIC. At December 31, 2021, the Center's investment in Smith Square Development, ALPIC, was $0. The Center incurred no income or loss during 2021 from its investment in Smith Square Development, ALPIC. At December 31, 2021, $19,888 was due to the Center from Smith Square Development, ALPIC, for management fees incurred in prior years.

St. Joe Estates I and II

MFLC Development, L.L.C. (the Center's wholly-owned subsidiary) is a limited partner with a .001% ownership interest in both St. Joe Estates I and II. At December 31, 2021, MFLC Development, L.L.C.'s investment in St. Joe Estates I and II was $(12,180). MFLC Development, L.L.C. incurred no income or loss during 2021 from its investment in St. Joe Estates I and II.

MFLC Development, L.L.C. was the developer for the St. Joe Estates I and II affordable housing projects. At December 31, 2021, St. Joe Estates I and II owed $227,564 to MFLC Development, L.L.C. for development fees earned prior to 2012. At December 31, 2021, $4,316 was also due to the Center from St. Joe Estates I and II for reimbursement of various expenses incurred in prior years.

4. PROPERTY AND EQUIPMENT:

Property and equipment at December 31, 2021 was as follows:

Office equipment and Computers	$ 5,492
Less accumulated depreciation	(1,807)
Property and equipment - Net	$ 3,685

The Center incurred depreciation expense of $1,064 for the year ended December 31, 2021.

5. LINE OF CREDIT:

The Center has a $225,000 line of credit with Hancock Whitney Bank. The line of credit is due on August 3, 2025, and bears interest at a variable rate, which was 5.5% at December 31, 2021. The line of credit is secured by the personal guarantee of the executive director of the Center. At December 31, 2021, there was no balance due on the line of credit.

6. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The Center manages it liquidity by operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. Financial assets available for expenses within one year of the balance sheet date consist of cash and cash equivalents in the amount of $53,843 and receivables in the amount of $8,973. The Center does not anticipate any major capital expenditures in the coming year.

7. ACCRUED PAID TIME OFF:

Amounts accrued for paid vacation time off represent hours due to employees at the end of each month for unused vacation multiplied by the pay rate in effect. When hours are used or paid out in future years, the pay rate in effect at that time will be used. Employees are allowed to carry over unlimited hours of unused vacation time off. As of December 31, 2021, accrued unused vacation time was $250,589.

8. INCOME TAXES:

The Mirabeau Family Learning Center, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. MFLC Development, L.L.C. was formed as a Limited Liability Corporation. Since it is wholly owned by the Center and furthers the Center's exempt purpose, the net income of MFLC Development, L.L.C. is included in the Center's exempt income tax return and is also exempt from federal income tax.

Accounting Standards Codification 740 (ASC 740) provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statement. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. As of December 31, 2021, the Center believes that they have no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements. Tax years ended December 31, 2018 and later remain subject to examination by the taxing authorities.

9. CONCENTRATIONS:

During the year ended December 31, 2021, the Center received 78% of its revenue from HUD Section 8 housing assistance grant income. A significant reduction in the level of this support could have an effect on the Center's programs and activities.

Loan receivables are principally with related parties in which the Center is a general partner. Realization of these receivables is dependent on various conditions as outlined in Note 3.

9. CONCENTRATIONS: (Continued)

The Center and its subsidiary maintain cash balances at local financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Cash balances were fully insured as of December 31, 2021.

10. UNCERTAINTIES:

As a result of COVID-19 coronavirus, economic uncertainties still exist that could have a negative impact on future activities of the Center. The extent of financial impact, if any, cannot be reasonably estimated at this time.

11. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through June 21, 2022, which is the date on which the consolidated financial statements were available to be issued.

MIRABEAU FAMILY LEARNING CENTER, INC.
AND SUBSIDIARY
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO THE EXECUTIVE DIRECTOR
DECEMBER 31, 2021

Agency head name: Michael R. Vales, Executive Director

Purpose	Amount
Salary	$132,798
Benefits – Compensated Absences	13,279
Cellular Phone	1,200
Total	$147,277

MIRABEAU FAMILY LEARNING CENTER, INC.
AND SUBSIDIARY
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

	Mirabeau Family Learning Center, Inc.	MFLC Development, L.L.C.	Inter-company Eliminations	Total
CURRENT ASSETS:				
Cash and cash equivalents	$ 52,009	$ 1,834	$ -	$ 53,843
Due from MFLC Development, L.L.C.	144,241	-	(144,241)	-
Due from MFLC Partners, ALPIC	7,284	-	-	7,284
Due from Filmore Parc Apartments II	1,689	-	-	1,689
Total current assets	205,223	1,834	(144,241)	62,816
PROPERTY AND EQUIPMENT - NET	3,685	-	-	3,685
OTHER ASSETS:				
Due from related parties:				
Smith Square Development, ALPIC	19,888	-	-	19,888
St. Joe Estates I and II	4,316	227,564	-	231,880
Loans receivable:				
Filmore Parc Apartments II	1,575,000	-	-	1,575,000
MFLC Partners, ALPIC	2,200,000	-	-	2,200,000
Interest receivable:				
Filmore Parc Apartments II	1,219,945	-	-	1,219,945
MFLC Partners, ALPIC	1,708,769	-	-	1,708,769
Investment in Filmore Parc Apartments II	167,470	-	-	167,470
Investment in MFLC Partners, ALPIC	122,518	-	-	122,518
Total other assets	7,017,906	227,564	-	7,245,470
TOTAL ASSETS	$ 7,226,814	$ 229,398	$ (144,241)	$ 7,311,971
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	$ 282,446	$ -	$ -	$ 282,446
Due to Mirabeau Family Learning Center, Inc.	-	144,241	(144,241)	-
Total current liabilities	282,446	144,241	(144,241)	282,446
OTHER LIABILITIES:				
Investments:				
St. Joe Estates I and II	-	12,180	-	12,180
MFLC Development, L.L.C.	4,859	-	(4,859)	-
Total other liabilities	4,859	12,180	(4,859)	12,180
TOTAL LIABILITIES	287,305	156,421	(149,100)	294,626
NET ASSETS:				
Without donor restrictions	6,939,509	72,977	4,859	7,017,345
TOTAL LIABILITIES AND NET ASSETS	$ 7,226,814	$ 229,398	$ (144,241)	$ 7,311,971

MIRABEAU FAMILY LEARNING CENTER, INC.
AND SUBSIDIARY
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Mirabeau Family Learning Center, Inc.	MFLC Development, L.L.C.	Inter-company Eliminations	Total
REVENUE:				
Donations	$ 7,995	$ -	$ -	$ 7,995
Grant revenue	1,139,561	-	-	1,139,561
Income from after-school program	13,953	-	-	13,953
Interest income	294,353	-	-	294,353
Miscellaneous	692	-	-	692
Maintenance and office coordinator salary reimbursement - housing program	192,694	-	-	192,694
Total revenue	1,649,248	-	-	1,649,248
EXPENSES:				
Bank fees	120	36	-	156
Contract labor	9,633	-	-	9,633
Depreciation	1,064	-	-	1,064
Entertainment	297			297
Housing assistance expense	1,020,685	-	-	1,020,685
Interest	1,267	-	-	1,267
Insurance - general liability	3,503	-	-	3,503
Loss from investments in partnerships	130	-	-	130
Miscellaneous	36			36
Payroll taxes	7,342	-	-	7,342
Payroll taxes - housing program	13,694	-	-	13,694
Professional services	12,435	-	-	12,435
Rent	7,800	-	-	7,800
Repairs and maintenance	153			153
Salaries	136,590	-	-	136,590
Salaries - housing program	179,000	-	-	179,000
Supplies	3,553	-	-	3,553
Telephone and internet	3,534	-	-	3,534
Total expenses	1,400,836	36	-	1,400,872
INCREASE (DECREASE) IN NET ASSETS	248,412	(36)	-	248,376
Net assets at beginning of year	6,691,097	73,013	4,859	6,768,969
NET ASSETS AT END OF YEAR	$ 6,939,509	$ 72,977	$ 4,859	$ 7,017,345

MIRABEAU FAMILY LEARNING CENTER, INC.
SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

	General Fund	Learning Center Fund	Real Estate Fund	Inter-fund Eliminations	Total Mirabeau Learning Center, Inc.
CURRENT ASSETS:					
Cash and cash equivalents	$ 25,906	$ 26,103	$ -	$ -	$ 52,009
Due from MFLC Development, L.L.C.	152,883	-	-	(8,642)	144,241
Due from MFLC Partners, ALPIC	7,284	-	-	-	7,284
Due from Filmore Parc Apartments II	810	-	879	-	1,689
Due from other funds	97,811	9,892	1,586,202	(1,693,905)	-
Total current assets	284,694	35,995	1,587,081	(1,702,547)	205,223
PROPERTY AND EQUIPMENT - NET	3,685	-	-	-	3,685
OTHER ASSETS:					
Due from related parties:					
Smith Square Development, ALPIC	-	-	19,888	-	19,888
St. Joe Estates I and II	4,316	-	-	-	4,316
Loans receivable:					
Filmore Parc Apartments II	-	-	1,575,000	-	1,575,000
MFLC Partners, ALPIC	-	-	2,200,000	-	2,200,000
Interest receivable:					
Filmore Parc Apartments II	-	-	1,219,945	-	1,219,945
MFLC Partners, ALPIC	-	-	1,708,769	-	1,708,769
Investment in Filmore Parc Apartments II	-	-	167,470	-	167,470
Investment in MFLC Partners, ALPIC	-	-	122,518	-	122,518
Total other assets	4,316	-	7,013,590	-	7,017,906
TOTAL ASSETS	$ 292,695	$ 35,995	$ 8,600,671	$ (1,702,547)	$ 7,226,814
CURRENT LIABILITIES:					
Accounts payable and accrued expenses	$ 282,446	$ -	$ -	$ -	$ 282,446
Due to MFLC Development, L.L.C.	-	-	8,642	(8,642)	-
Due to other funds	1,596,094	97,811	-	(1,693,905)	-
Total current liabilities	1,878,540	97,811	8,642	(1,702,547)	282,446
OTHER LIABILITIES:					
Investments:					
MFLC Development, L.L.C.	-	-	4,859	-	4,859
Total other liabilities	-	-	4,859	-	4,859
TOTAL LIABILITIES	1,878,540	97,811	13,501	(1,702,547)	287,305
NET ASSETS (DEFICIT):					
Without donor restrictions	(1,585,845)	(61,816)	8,587,170	-	6,939,509
TOTAL LIABILITIES AND NET ASSETS	$ 292,695	$ 35,995	$ 8,600,671	$ (1,702,547)	$ 7,226,814

MIRABEAU FAMILY LEARNING CENTER, INC.
SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	General Fund	Learning Center Fund	Real Estate Fund	Total Mirabeau Learning Center, Inc.
REVENUE:				
Donations	$ -	7,995	$ -	$ 7,995
Grant revenue	36,754	-	1,102,807	1,139,561
Income from after-school program	-	13,953	-	13,953
Interest income	-	-	294,353	294,353
Miscellaneous	692	-	-	692
Maintenance and office coordinator salaries reimbursement - housing program	192,694	-	-	192,694
Total revenue	230,140	21,948	1,397,160	1,649,248
EXPENSES:				
Bank fees	85	35	-	120
Contract labor	9,523	110	-	9,633
Depreciation	1,064	-	-	1,064
Entertainment	-	297		297
Housing assistance expense	33,446	-	987,239	1,020,685
Interest	1,267	-	-	1,267
Insurance - general liability	3,503	-	-	3,503
Loss from investments in partnerships	-	-	130	130
Miscelleneous	-	36		36
Payroll taxes	6,350	992	-	7,342
Payroll taxes - housing program	13,694	-	-	13,694
Professional services	12,085	350	-	12,435
Rent	7,800	-	-	7,800
Repairs and maintenance	153			153
Salaries	123,628	12,962	-	136,590
Salaries - housing program	179,000	-	-	179,000
Supplies	3,174	379	-	3,553
Telephone and internet	3,534	-	-	3,534
Total expenses	398,306	15,161	987,369	1,400,836
INCREASE (DECREASE) IN NET ASSETS	(168,166)	6,787	409,791	248,412
Net assets (deficit) at beginning of year	(1,417,679)	(68,603)	8,177,379	6,691,097
NET ASSETS (DEFICIT) AT END OF YEAR	$ (1,585,845)	$ (61,816)	$ 8,587,170	$ 6,939,509

DHHM
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Duplantier
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Michael J. O' Rourke, CPA
David A. Burgard, CPA
Clifford J. Giffin, Jr., CPA
William G. Stamm, CPA

New Orleans
1615 Poydras Street,
Suite 2100
New Orleans, LA 70112
Phone: (504) 586-8866
Fax: (504) 525-5888

Northshore
1290 Seventh Street
Slidell, LA 70458
Phone: (985) 641-1272
Fax: (985) 781-6497

Houma
247 Corporate Drive
Houma, LA 70360
Phone: (985) 868-2630
Fax: (985) 872-3833

Napoleonville
5047 Highway 1
P.O. Box 830
Napoleonville, LA 70390
Phone: (985) 369-6003
Fax: (985) 369-9941

INDEPENDENT AUDITOR'S 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*

June 21, 2022

To the Board of Directors of
Mirabeau Family Learning Center, Inc. and Subsidiary

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 the Mirabeau Family Learning Center, Inc. and Subsidiary (a non-profit organization), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 21, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Mirabeau Family Learning Center, Inc. and Subsidiary'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mirabeau Family Learning Center, Inc. and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of the Mirabeau Family Learning Center, Inc. and Subsidiary'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 Mirabeau Family Learning Center, Inc. and Subsidiary's consolidated 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. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Mirabeau Family Learning Center, Inc. and Subsidiary'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 consolidated 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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 Mirabeau Family Learning Center, Inc. and Subsidiary'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 Mirabeau Family Learning Center, Inc. and Subsidiary's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as public document.

Duplantier, Hrapmann, Hogan & Maher LLP

New Orleans, Louisiana

DHHM
certified public accountants

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Napoleonville
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Napoleonville, LA 70390
Phone: (985) 369-6003
Fax: (985) 369-9941

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

June 21, 2022

To the Board of Directors of
Mirabeau Family Learning Center, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Mirabeau Family Learning Center, Inc. and Subsidiary's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Mirabeau Family Learning Center, Inc. and Subsidiary's major federal programs for the year ended December 31, 2021. Mirabeau Family Learning Center, Inc. and Subsidiary's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. In our opinion, Mirabeau Family Learning Center, Inc. and Subsidiary's 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 December 31, 2021.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Mirabeau Family Learning Center, Inc. and Subsidiary and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Mirabeau Family Learning Center, Inc. and Subsidiary's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Mirabeau Family Learning Center, Inc. and Subsidiary's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Mirabeau Family Learning Center, Inc. and Subsidiary's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Mirabeau Family Learning Center, Inc. and Subsidiary's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Mirabeau Family Learning Center, Inc. and Subsidiary's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Mirabeau Family Learning Center, Inc. and Subsidiary's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Mirabeau Family Learning Center, Inc. and Subsidiary's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as public document.

Duplantier, Hrapmann, Hogan & Maher LLP

New Orleans, Louisiana

MIRABEAU FAMILY LEARNING CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

Federal CFDA Number	Grant No.	Program Title	Expenditures
U.S. Department of Housing and Urban Development			
Passed through the City of New Orleans:			
14.182	None	Section 8 - New Construction and Substantial Rehabilitation	$ 1,137,561

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Schedule of Expenditures of Federal Awards of Mirabeau Family Learning Center, Inc. has been prepared in conformity with accounting principles generally accepted in the United States of America. Expenditures are recognized when incurred.

2. DETERMINATION OF TYPES A AND B PROGRAMS:

Federal awards programs are classified as either Type A or Type B programs. For the year ended December 31, 2021, Type A programs consist of the federal programs that expended over $750,000 and Type B programs are the programs that expended under $750,000.

3. INDIRECT COST RATE:

Mirabeau Family Learning Center, Inc. has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

MIRABEAU FAMILY LEARNING CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

SUMMARY OF AUDITOR'S RESULTS:

Financial Statements:

Type of auditor's report issued: unmodified

Internal control over financial reporting:

* Material weakness(es) identified?	yes	X no
* Control deficiencies identified that are not considered to be material weaknesses?	yes	X none reported
Noncompliance material to financial statements noted?	yes	X no

Federal Awards:

Internal control over major programs:

* Material weakness(es) identified?	yes	X no
* Control deficiencies identified that are not considered to be material weaknesses?	yes	X none reported
Type of auditor's report issued on compliance for major programs:	unmodified	
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance:	yes	X no

Identification of major program:

Name of Program	CFDA No.	Expenditures
Section 8 - New Construction and Substantial Rehabilitation	14.182	$1,137,561

Dollar threshold used to distinguish between Type A and Type B programs:		$ 750,000
Auditee qualified as low-risk auditee?	X yes	no

FINDINGS REQUIRED TO BE REPORTED UNDER GOVERNMENTAL AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA:

NONE

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

NONE

MIRABEAU FAMILY LEARNING CENTER, INC.
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021

PRIOR AUDIT FINDINGS:

NONE

MIRABEAU FAMILY LEARNING CENTER, INC.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

FOR THE PERIOD JANUARY 01, 2021
THROUGH DECEMBER 31, 2021

DHHM
certified public accountants

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Houma
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Houma, LA 70360
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Fax: (985) 872-3833

Napoleonville
5047 Highway 1
P.O. Box 830
Napoleonville, LA 70390
Phone: (985) 369-6003
Fax: (985) 369-9941

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE PERIOD JANUARY 1, 2021 THROUGH DECEMBER 31, 2021

June 21,2022

To the Board of Directors and Management of
Mirabeau Family Learning Center, Inc. and
the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. Mirabeau Family Learning Center, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Mirabeau Family Learning Center, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. **<u>Procedure</u>**: Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

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

   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.

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

   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 (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

   e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

   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.

   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 (e.g., determining the reasonableness of fuel card purchases).

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

   i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

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

   k) ***Information Technology 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 a critical event.

l) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: No findings were noted as a result of applying the above agreed-upon procedures.

Board or Finance Committee

2. **Procedure**: Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

   a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

   b) For those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

   Results: No findings were noted as a result of applying the above agreed-upon procedures.

Bank Reconciliations

3. **Procedure**: Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

   a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

   b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

   c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

   Results: No findings were noted, as a result of applying the above agreed-upon procedures.

Collections (excluding electronic funds transfers)

4. **Procedure**: Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

   Results: No findings were noted as a result of applying the above agreed-upon procedures.

5. **Procedure**: For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

   a) Employees responsible for cash collections do not share cash drawers/registers.

   b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

   c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

   d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

   Results: No findings were noted as a result of applying the above agreed-upon procedures.

6. **Procedure**: Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

   Results: No findings were noted as a result of applying the above agreed-upon procedures.

7. **Procedure**: Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

   a) Observe that receipts are sequentially pre-numbered.

   b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

c) Trace the deposit slip total to the actual deposit per the bank statement.

d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

e) Trace the actual deposit per the bank statement to the general ledger.

Results: No findings were noted as a result of applying the above agreed-upon procedures.

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

8. **Procedure**: Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

   Results: No findings were noted as a result of applying the above agreed-upon procedures.

9. **Procedure**: For each location selected under #8 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 (if the agency has no written policies and procedures, inquire of employees about their 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.

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

   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.

   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.

   Results: No findings were noted as a result of applying the above agreed-upon procedures.

   Procedure: For each location selected under #8 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:

   a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

   b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: No findings were noted as a result of applying the above agreed-upon procedures.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

10. **Procedure**: Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

    Results: No findings were noted as a result of applying the above agreed-upon procedures.

11. **Procedure**: Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

    a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

    b) Observe that finance charges and late fees were not assessed on the selected statements.

    Results: No findings were noted as a result of applying the above agreed-upon procedures.

12. **Procedure**: Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

    Results: No findings were noted as a result of applying the above agreed-upon procedures.

Contracts

13. **Procedure**: Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Results: No findings were noted as a result of applying the above agreed-upon procedures.

Payroll and Personnel

14. **Procedure**: Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

    Results: No findings were noted as a result of applying the above agreed-upon procedures.

15. **Procedure**: Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

    a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

    b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

    c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

    d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

    Results: No findings were noted as a result of applying the above agreed-upon procedures.

16. **Procedure**: Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

    Results: No findings were noted as a result of applying the above agreed-upon procedures.

Fraud Notice

17. **Procedure**: Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

    Results: No findings noted as a result of applying the above agreed-upon procedures.

Information Technology Disaster Recovery/Business Continuity

18. **Procedure**: Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

    a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

    b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

    c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

    Results: We performed the procedure and discussed the results with management. No findings were noted as a result of applying the above agreed-upon procedures.

We were engaged by Mirabeau Family Learning Center, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to, and did not, conduct an examination or review engagement, 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.

We are required to be independent of Mirabeau Family Learning Center, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the results 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 Louisiana Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher LLP

New Orleans, Louisiana