

R E P O R T

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY

DECEMBER 31, 2018

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY

DECEMBER 31, 2018

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June 12, 2019

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

Report on Financial Statements

We have audited the accompanying financial statements of the Mirabeau Family Learning Center, Inc. (a nonprofit organization) and its consolidated subsidiary, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Mirabeau Family Learning Center, Inc. and its consolidated subsidiary as of December 31, 2018, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as listed in the index to the report is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is also presented for purposes of additional analysis and is also not a required part of the financial statements. The supplementary information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2019, on our consideration of the Mirabeau Family Learning Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Mirabeau Family Learning Center, Inc.'s internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 66,282
Due from Filmore Parc Apartments II	879
Other receivable	892
Total current assets	68,053

OTHER ASSETS:

Due from related parties:	
Smith Square Development, ALPIC	19,888
St. Joe Estates I and II	231,152
Loans receivable:	
Filmore Parc Apartments II	1,575,000
MFLC Partners, ALPIC	2,200,000
Interest receivable:	
Filmore Parc Apartments II	868,291
MFLC Partners, ALPIC	1,216,976
Investment in Filmore Parc Apartments II	167,659
Investment in MFLC Partners, ALPIC	124,583
Total other assets	6,403,549
TOTAL ASSETS	\$ 6,471,602

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable and accrued expenses	\$ 224,322
Due to MFLC Partners, ALPIC	1,469
Due to Filmore Parc Apartments II	3,262
Total current liabilities	229,053

OTHER LIABILITIES:

Investment in St. Joe Estates I and II	12,180
Total other liabilities	12,180
Total liabilities	241,233

NET ASSETS:

Without donor restriction	6,230,369
TOTAL LIABILITIES AND NET ASSETS	\$ 6,471,602

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

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

REVENUE:	
Donations	\$ 1,974
Grant revenue	935,653
Income from programs	23,900
Interest income	256,647
Total revenue	<u>1,218,174</u>
EXPENSES:	
Program services	939,383
Administrative and general	9,681
Total expenses	<u>949,064</u>
INCREASE IN NET ASSETS	269,110
Net assets at beginning of year	<u>5,961,259</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 6,230,369</u></u>

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

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program <u>Services</u>	Administrative and <u>General</u>	<u>Total</u>
EXPENSES:			
Accounting	\$ 4,200	\$ 361	\$ 4,561
Contract labor	5,482	609	6,091
Housing assistance expense	830,330	-	830,330
Interest	-	713	713
Licenses and fees	2,835	-	2,835
Loss from investments in partnerships	88	-	88
Miscellaneous	403	35	438
Payroll taxes and benefits	5,706	491	6,197
Professional services	850	-	850
Rent	7,182	618	7,800
Salaries	77,771	6,466	84,237
Supplies	3,001	258	3,259
Telephone and utilities	1,510	130	1,640
Travel	25	-	25
	<u>25</u>	<u>-</u>	<u>25</u>
 TOTAL EXPENSES	 <u>\$ 939,383</u>	 <u>\$ 9,681</u>	 <u>\$ 949,064</u>

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

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	\$ 269,110
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Net loss from investments in partnerships	88
(Increase) decrease in operating assets:	
Accounts receivable - St. Joe Estates I and II	(137)
Accounts receivable - other	(742)
Interest receivable	(256,646)
Increase (decrease) in operating liabilities:	
Accounts payable and accrued liabilities	8,251
Net cash provided by operating activities	<u>19,924</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from line of credit	66,692
Payments on line of credit	<u>(66,692)</u>
Net cash used by financing activities	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	19,924
Cash and cash equivalents - beginning of year	<u>46,358</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 66,282</u>
SUPPLEMENTARY CASH FLOW INFORMATION:	
Cash was paid for the following:	
Interest	<u>\$ 713</u>
Income taxes	<u>\$ -</u>

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

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NATURE OF OPERATIONS:

The Mirabeau Family Learning Center, Inc. (the Center) 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 sources of revenue are federal grant income and fees related to its affordable housing services.

The Center's subsidiary, MFLC Development, L.L.C., is a limited liability company formed to provide affordable housing development. Its primary source of revenue was development fee income in past years, however, no projects were developed in 2018.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Mirabeau Family Learning Center, Inc. and its consolidated subsidiary 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 Presentation

The 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.

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, 2018.

Basis of Accounting

The 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.

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Statements of Cash Flows

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

Donated Services

No amounts have been reflected in the statements for donated services, as no objective basis is available to measure the value of such services.

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).

Estimates

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. RELATED PARTY TRANSACTIONS:

The Center and its consolidated subsidiary engaged in transactions during 2018 with the following related parties:

MFLC Partners, ALPIC

The Center is the managing general partner with an ownership percentage of .01% in MFLC Partners, ALPIC. At December 31, 2018, the Center had an investment in MFLC Partners, ALPIC, of \$124,583. In 2018, the Center incurred a loss of \$58 from its investment in MFLC Partners, ALPIC.

During 2018, the Center provided \$525,164 of housing assistance to tenants residing in the apartment complex owned by MFLC Partners, ALPIC.

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

2. RELATED PARTY TRANSACTIONS: (Continued)

MFLC Partners, ALPIC (Continued)

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 \$11,440 during 2018 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, 2018, the outstanding principal balance on the loan was \$2,200,000 and the outstanding interest balance was \$1,216,976. 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, 2018.

At December 31, 2018, \$1,469 was due to MFLC Partners, ALPIC, for various items.

Filmore Parc Apartments II

The Center is a general partner with an ownership percentage of .01% in Filmore Parc Apartments II. At December 31, 2018, the Center's investment in Filmore Parc Apartments II was \$167,659. In 2018, the Center incurred a loss of \$30 from its investment in Filmore Parc Apartments II.

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

2. RELATED PARTY TRANSACTIONS: (Continued)

Filmore Parc Apartments II (Continued)

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 \$6,160 during 2018 from Filmore Parc Apartments II.

During 2018, the Center provided \$305,165 of housing assistance to tenants residing in the apartment complex owned by Filmore Parc Apartments II.

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, 2018, the outstanding principal balance on the loan was \$1,575,000 and the outstanding interest balance was \$868,291. 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, 2018.

At December 31, 2018, \$2,383 was due to Filmore Parc Apartments II for various items.

Smith Square Development, ALPIC

The Center is the managing general partner with a .001% ownership interest in Smith Square Development, ALPIC. At December 31, 2018, the Center's investment in Smith Square Development, ALPIC, was \$0. The Center incurred no income or loss during 2018 from its investment in Smith Square Development, ALPIC.

At December 31, 2018, \$19,888 was due to the Center from Smith Square Development, ALPIC, for management fees incurred in prior years.

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

2. RELATED PARTY TRANSACTIONS: (Continued)

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, 2018, 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 2018 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, 2018, 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, 2018, \$3,588 was due to the Center from St. Joe Estates I and II for reimbursement of various expenses incurred in prior years.

3. LINE OF CREDIT:

The Center has a \$225,000 line of credit with Whitney Bank. The line of credit is due on August 3, 2018, and bears interest at a variable rate, which was 6.5% at December 31, 2018. The line of credit is secured by the personal guarantee of the executive director of the Center. At December 31, 2018, there was no balance due on the line of credit.

4. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The Center manages its 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 \$66,282 and receivables in the amount of \$1,771.

5. 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

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

5. INCOME TAXES: (Continued)

December 31, 2018, the Center believes that they have no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years ended December 31, 2015 and later remain subject to examination by the taxing authorities.

6. CONCENTRATIONS:

During the year ended December 31, 2018, the Center's main source of revenue was government grants. A significant reduction in the level of this support could have an effect on the Center's programs and activities.

7. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through June 12, 2019, which is the date on which the financial statements were available to be issued. There were no significant subsequent events found as a result of the evaluation.

8. NEW ACCOUNTING PRONOUNCEMENT:

On August 18, 2016, the FASB issued 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The Center has adjusted the presentation of its financial statements accordingly. The new standards change the following aspects of the Center's financial statements:

- The unrestricted net assets class has been renamed net assets - *without donor restrictions*.
- The financial statements include a new disclosure about liquidity and availability of financial assets (Note 4).

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO THE EXECUTIVE DIRECTOR
DECEMBER 31, 2018

Agency head name: Michael R. Vales, Executive Director

Purpose	Amount
Salary	\$59,506
Benefits – Compensated Absences	5,160
Cellular Phone	1,200
Total	\$65,866

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

	Mirabeau Family Learning Center, Inc.	MFLC Development, L.L.C.	Inter-company Eliminations	Total
CURRENT ASSETS:				
Cash and cash equivalents	\$ 64,428	\$ 1,854	\$ -	\$ 66,282
Due from MFLC Development, L.L.C.	144,126	-	(144,126)	-
Due from Filmore Parc Apartments II	879	-	-	879
Other receivable	892	-	-	892
Total current assets	<u>210,325</u>	<u>1,854</u>	<u>(144,126)</u>	<u>68,053</u>
OTHER ASSETS:				
Due from related parties:				
Smith Square Development, ALPIC	19,888	-	-	19,888
St. Joe Estates I and II	3,588	227,564	-	231,152
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	868,291	-	-	868,291
MFLC Partners, ALPIC	1,216,976	-	-	1,216,976
Investment in Filmore Parc Apartments II	167,659	-	-	167,659
Investment in MFLC Partners, ALPIC	124,583	-	-	124,583
Total other assets	<u>6,175,985</u>	<u>227,564</u>	<u>-</u>	<u>6,403,549</u>
TOTAL ASSETS	<u>\$ 6,386,310</u>	<u>\$ 229,418</u>	<u>\$ (144,126)</u>	<u>\$ 6,471,602</u>
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	\$ 224,322	\$ -	\$ -	\$ 224,322
Due to MFLC Partners, ALPIC	1,469			1,469
Due to Filmore Parc Apartments II	3,262			3,262
Due to Mirabeau Family Learning Center, Inc.	-	144,126	(144,126)	-
Total current liabilities	<u>229,053</u>	<u>144,126</u>	<u>(144,126)</u>	<u>229,053</u>
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	<u>4,859</u>	<u>12,180</u>	<u>(4,859)</u>	<u>12,180</u>
TOTAL LIABILITIES	<u>233,912</u>	<u>156,306</u>	<u>(148,985)</u>	<u>241,233</u>
NET ASSETS:				
Without donor restrictions	<u>6,152,398</u>	<u>73,112</u>	<u>4,859</u>	<u>6,230,369</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,386,310</u>	<u>\$ 229,418</u>	<u>\$ (144,126)</u>	<u>\$ 6,471,602</u>

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Mirabeau Family Learning Center, Inc.	MFLC Development, L.L.C.	Inter-company Eliminations	<u>Total</u>
REVENUE:				
Donations	\$ 1,974	\$ -	\$ -	\$ 1,974
Grant revenue	935,653	-	-	935,653
Income from programs	23,900	-	-	23,900
Interest income	256,647	-	-	256,647
Total revenue	<u>1,218,174</u>	<u>-</u>	<u>-</u>	<u>1,218,174</u>
EXPENSES:				
Accounting	4,561	-	-	4,561
Contract labor	6,091	-	-	6,091
Housing assistance expense	830,330	-	-	830,330
Interest	713	-	-	713
Licenses and fees	2,835	-	-	2,835
Loss from investments in partnerships	88	-	-	88
Miscellaneous	438	-	-	438
Payroll taxes and benefits	6,197	-	-	6,197
Professional services	796	54	-	850
Rent	7,800	-	-	7,800
Salaries	84,237	-	-	84,237
Supplies	3,259	-	-	3,259
Telephone and utilities	1,640	-	-	1,640
Travel	-	25	-	25
Total expenses	<u>948,985</u>	<u>79</u>	<u>-</u>	<u>949,064</u>
INCREASE (DECREASE) IN NET ASSETS	269,189	(79)	-	269,110
Net assets at beginning of year	<u>5,883,209</u>	<u>73,191</u>	<u>4,859</u>	<u>5,961,259</u>
NET ASSETS AT END OF YEAR	<u>\$ 6,152,398</u>	<u>\$ 73,112</u>	<u>\$ 4,859</u>	<u>\$ 6,230,369</u>

MIRABEAU FAMILY LEARNING CENTER, INC.
SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

	General Fund	Learning Center Fund	Real Estate Fund	Inter-fund Eliminations	Total Mirabeau Learning Center, Inc.
CURRENT ASSETS:					
Cash and cash equivalents	\$ 49,491	\$ 14,937	\$ -	\$ -	\$ 64,428
Due from MFLC Development, L.L.C.	152,768	-	-	(8,642)	144,126
Due from Filmore Parc Apartments II	-	-	879	-	879
Due from other funds	88,492	9,892	1,262,797	(1,361,181)	-
Other receivable	892	-	-	-	892
Total current assets	<u>291,643</u>	<u>24,829</u>	<u>1,263,676</u>	<u>(1,369,823)</u>	<u>210,325</u>
OTHER ASSETS:					
Due from related parties:					
Smith Square Development, ALPIC	-	-	19,888	-	19,888
St. Joe Estates I and II	3,588	-	-	-	3,588
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	-	-	868,291	-	868,291
MFLC Partners, ALPIC	-	-	1,216,976	-	1,216,976
Investment in Filmore Parc Apartments II	-	-	167,659	-	167,659
Investment in MFLC Partners, ALPIC	-	-	124,583	-	124,583
Total other assets	<u>3,588</u>	<u>-</u>	<u>6,172,397</u>	<u>-</u>	<u>6,175,985</u>
TOTAL ASSETS	<u>\$ 295,231</u>	<u>\$ 24,829</u>	<u>\$ 7,436,073</u>	<u>\$ (1,369,823)</u>	<u>\$ 6,386,310</u>
CURRENT LIABILITIES:					
Accounts payable and accrued expenses	\$ 224,322	\$ -	\$ -	\$ -	\$ 224,322
Due to MFLC Partners, ALPIC	1,469	-	-	-	1,469
Due to Filmore Parc Apartments II	3,262	-	-	-	3,262
Due to MFLC Development, L.L.C.	-	-	8,642	(8,642)	-
Due to other funds	1,272,689	88,492	-	(1,361,181)	-
Total current liabilities	<u>1,501,742</u>	<u>88,492</u>	<u>8,642</u>	<u>(1,369,823)</u>	<u>229,053</u>
OTHER LIABILITIES:					
Investments:					
MFLC Development, L.L.C.	-	-	4,859	-	4,859
Total other liabilities	<u>-</u>	<u>-</u>	<u>4,859</u>	<u>-</u>	<u>4,859</u>
TOTAL LIABILITIES	<u>1,501,742</u>	<u>88,492</u>	<u>13,501</u>	<u>(1,369,823)</u>	<u>233,912</u>
NET ASSETS (DEFICIT):					
Without donor restrictions	<u>(1,206,511)</u>	<u>(63,663)</u>	<u>7,422,572</u>	<u>-</u>	<u>6,152,398</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 295,231</u>	<u>\$ 24,829</u>	<u>\$ 7,436,073</u>	<u>\$ (1,369,823)</u>	<u>\$ 6,386,310</u>

MIRABEAU FAMILY LEARNING CENTER, INC.
SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	General Fund	Learning Center Fund	Real Estate Fund	Total Mirabeau Learning Center, Inc.
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUE:				
Donations	\$ -	\$ 1,974	\$ -	\$ 1,974
Grant revenue	-	-	935,653	935,653
Income from programs	-	23,900	-	23,900
Interest income	-	-	256,647	256,647
Total revenue	<u>-</u>	<u>25,874</u>	<u>1,192,300</u>	<u>1,218,174</u>
EXPENSES:				
Accounting	4,561	-	-	4,561
Contract labor	6,091	-	-	6,091
Housing assistance expense	-	-	830,330	830,330
Interest	713	-	-	713
Licenses and fees	-	2,835	-	2,835
Loss from investments in partnerships	-	-	88	88
Miscellaneous	16	422	-	438
Payroll taxes and benefits	4,780	1,417	-	6,197
Professional services	736	60	-	796
Rent	7,800	-	-	7,800
Salaries	64,664	19,573	-	84,237
Supplies	1,787	1,472	-	3,259
Telephone and utilities	1,640	-	-	1,640
Total expenses	<u>92,788</u>	<u>25,779</u>	<u>830,418</u>	<u>948,985</u>
INCREASE (DECREASE) IN NET ASSETS	(92,788)	95	361,882	269,189
Net assets (deficit) at beginning of year	<u>(1,113,723)</u>	<u>(63,758)</u>	<u>7,060,690</u>	<u>5,883,209</u>
NET ASSETS (DEFICIT) AT END OF YEAR	<u>\$ (1,206,511)</u>	<u>\$ (63,663)</u>	<u>\$ 7,422,572</u>	<u>\$ 6,152,398</u>



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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 12, 2019

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Mirabeau Family Learning Center, Inc. (the Center) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 12, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

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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 Center'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. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's 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*.

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 Center'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 Center'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.

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New Orleans, Louisiana



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

June 12, 2019

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

Report on Compliance for Each Major Federal Program

We have audited the Mirabeau Family Learning Center, Inc.'s (the Center) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended December 31, 2018. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Center'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 Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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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 Center's compliance.

Opinion on Each Major Federal Program

In our opinion, the Center 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, 2018.

Report on Internal Control Over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on 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 Center's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a 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, 2018

<u>Federal CFDA Number</u>	<u>Grant No.</u>	<u>Program Title</u>	<u>Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through the City of New Orleans:			
14.182	None	Section 8 - New Construction and Substantial Rehabilitation	<u>\$935,653</u>

MIRABEAU FAMILY LEARNING CENTER, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018, 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 PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

PRIOR AUDIT FINDINGS:

NONE