

LOUISIANA ALLIANCE OF CHILDREN'S ADVOCACY CENTERS

NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED

DECEMBER 31, 2020 AND 2019



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management of
Louisiana Alliance of Children's Advocacy Centers
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Louisiana Alliance of Children's Advocacy Centers, (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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.

Auditors' 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, the *Louisiana Governmental Audit Guide*, 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.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Alliance of Children's Advocacy Centers as of December 31, 2020, 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.



To the Board of Directors and Management of
Louisiana Alliance of Children’s Advocacy Centers
New Orleans, Louisiana
June 23, 2021

Prior Period Financial Statements

The financial statements of Louisiana Alliance of Children’s Advocacy Centers as of December 31, 2019, were audited by other auditors whose report dated May 29, 2020, expressed an unmodified opinion on those statements.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head or chief executive officer, as required by Louisiana Revised Statute 24:513 A.(3), 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2021 on our consideration of Louisiana Alliance of Children’s Advocacy Centers’ internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Louisiana Alliance of Children’s Advocacy Centers’ 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 Louisiana Alliance of Children’s Advocacy Centers’ internal control over financial reporting and compliance.

June 23, 2021
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

FINANCIAL STATEMENTS

LOUISIANA ALLIANCE OF CHILDREN'S ADVOCACY CENTERS
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2019

	2020	2019
<u>ASSETS</u>		
<u>CURRENT ASSETS:</u>		
Cash and cash equivalents	\$ 484,103	\$ 40,775
Grants and membership receivable	215,867	56,605
Total current assets	699,970	97,380
<u>PROPERTY AND EQUIPMENT:</u>		
Office equipment	56,369	3,408
Accumulated depreciation	(2,500)	(42)
Property and equipment, net	53,869	3,366
<u>OTHER ASSETS:</u>		
Security deposits	3,622	-
Total assets	\$ 757,461	\$ 100,746
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES:</u>		
Accounts payable	\$ 83,327	\$ 7,045
Accrued payroll and related taxes	10,453	3,462
Total current liabilities	93,780	10,507
Total liabilities	93,780	10,507
<u>NET ASSETS:</u>		
Without donor restriction	165,869	90,239
With donor restriction	497,812	-
Total net assets	663,681	90,239
Total liabilities and net assets	\$ 757,461	\$ 100,746

See accompanying NOTES TO FINANCIAL STATEMENTS

LOUISIANA ALLIANCE OF CHILDREN'S ADVOCACY CENTERS
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUE, GAINS, AND</u>			
<u>OTHER SUPPORT:</u>			
Contributed support:			
Grants	\$ 760,567	\$ -	\$ 760,567
State General Funds	-	750,000	750,000
Contributions	300,147	-	300,147
Membership	2,000	-	2,000
Fundraising	-	-	-
Interest income	1,830	-	1,830
Other income	589	-	589
In-kind contributions	3,587	-	3,587
Net assets released from restrictions	252,188	(252,188)	-
 Total revenue, gains, and other support	 1,320,908	 497,812	 1,818,720
 <u>EXPENSES:</u>			
Program services	1,223,978	-	1,223,978
Supporting services:			
Management and general	21,300	-	21,300
 Total expenses	 1,245,278	 -	 1,245,278
 <u>CHANGE IN NET ASSETS</u>	 75,630	 497,812	 573,442
Net assets - beginning of year	90,239	-	90,239
Net assets - end of year	\$ 165,869	\$ 497,812	\$ 663,681

See accompanying NOTES TO FINANCIAL STATEMENTS

LOUISIANA ALLIANCE OF CHILDREN'S ADVOCACY CENTERS
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUE, GAINS, AND</u>			
<u>OTHER SUPPORT:</u>			
Contributed support:			
Grants	\$ 245,449	\$ -	\$ 245,449
State General Funds	-	-	-
Contributions	79,295	-	79,295
Membership	9,500	-	9,500
Fundraising	4,186	-	4,186
Interest income	454	-	454
(Loss) on disposal of equipment	(556)	-	(556)
In-kind contributions	8,518	-	8,518
Net assets released from restrictions	-	-	-
Total revenue, gains, and other support	346,846	-	346,846
<u>EXPENSES:</u>			
Program services	266,753	-	266,753
Supporting services:			
Management and general	12,186	-	12,186
Total expenses	278,939	-	278,939
<u>CHANGE IN NET ASSETS</u>	67,907	-	67,907
Net assets - beginning of year	22,332	-	22,332
Net assets - end of year	\$ 90,239	\$ -	\$ 90,239

See accompanying NOTES TO FINANCIAL STATEMENTS

LOUISIANA ALLIANCE OF CHILDREN'S ADVOCACY CENTERS
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services						Supporting Services		
	LCLE VOCA Grants	NCA Child Abuse Grants	DOA/OVC LYCTC Contract	SRCAC Child Abuse Grants	State Funding	Other	Total Program Services	Management and General	Total
Salaries and wages	\$ 72,728	\$ 15,403	\$ 30,035	\$ 11,717	\$ 7,950	\$ -	\$ 137,833	\$ 1,864	\$ 139,697
Payroll taxes and related benefits	9,988	2,135	3,882	1,661	846	-	18,512	164	18,676
Total salaries and related expenses	82,716	17,538	33,917	13,378	8,796	-	156,345	2,028	158,373
Contractors	31,705	3,964	3,168	-	-	-	38,837	3,256	42,093
Equipment expense	1,715	-	-	991	872	-	3,578	-	3,578
Miscellaneous	1,912	1,567	-	-	-	-	3,479	1,932	5,411
Professional fees	-	7,500	-	-	4,500	-	12,000	4,250	16,250
Subgrant payments	-	41,322	350,421	-	237,573	260,000	889,316	-	889,316
Supplies and operating expenses	51,226	20,517	-	-	447	-	72,190	3,278	75,468
Travel	3,757	3,640	1,520	110	-	-	9,027	1,466	10,493
Depreciation	-	-	-	-	-	-	-	2,458	2,458
Insurance	-	-	-	-	-	-	-	2,632	2,632
Rent & lease	15,946	-	-	-	-	-	15,946	-	15,946
Training	-	23,260	-	-	-	-	23,260	-	23,260
Total functional expenses	<u>\$ 188,977</u>	<u>\$ 119,308</u>	<u>\$ 389,026</u>	<u>\$ 14,479</u>	<u>\$ 252,188</u>	<u>\$ 260,000</u>	<u>\$ 1,223,978</u>	<u>\$ 21,300</u>	<u>\$ 1,245,278</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

LOUISIANA ALLIANCE OF CHILDREN'S ADVOCACY CENTERS
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services					Supporting Services	
	LCLE VOCA Grants	NCA Child Abuse Grants	DOA/OVC LYCTC Contract	SRCAC Child Abuse Grants	Total Program Services	Management and General	Total
Salaries and wages	\$ 34,005	\$ 26,153	\$ 8,070	\$ 6,732	\$ 74,960	\$ -	\$ 74,960
Payroll taxes and related benefits	1,804	2,333	609	564	5,310	466	5,776
Total salaries and related expenses	35,809	28,486	8,679	7,296	80,270	466	80,736
Contractors	17,256	7,048	674	7,704	32,682	3,670	36,352
Equipment expense	-	-	-	-	-	-	-
Miscellaneous	9,142	334	-	-	9,476	2,188	11,664
Professional fees	-	-	-	-	-	-	-
Subgrant payments	-	56,000	-	-	56,000	-	56,000
Supplies and operating expenses	55,237	5,427	-	-	60,664	1,713	62,377
Travel	15,147	6,779	296	821	23,043	210	23,253
Depreciation	-	-	-	-	-	529	529
Insurance	-	-	-	-	-	3,410	3,410
Rent & lease	4,518	-	-	-	4,518	-	4,518
Training	-	100	-	-	100	-	100
Total functional expenses	<u>\$ 137,109</u>	<u>\$ 104,174</u>	<u>\$ 9,649</u>	<u>\$ 15,821</u>	<u>\$ 266,753</u>	<u>\$ 12,186</u>	<u>\$ 278,939</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

LOUISIANA ALLIANCE OF CHILDREN'S ADVOCACY CENTERS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS FROM (USED FOR)</u>		
<u>OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 573,442	\$ 67,907
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	2,458	529
Loss on disposition of assets	-	556
Decrease (increase) in:		
Grants and membership receivable	(159,262)	(19,862)
Security deposits	(3,622)	-
Increase (decrease) in:		
Accounts payable	76,282	(18,145)
Accrued payroll and related taxes	6,991	3,462
Net cash from operating activities	<u>496,289</u>	<u>34,447</u>
<u>CASH FLOWS FROM (USED FOR)</u>		
<u>INVESTING ACTIVITIES:</u>		
Purchases of property and equipment	<u>(52,961)</u>	<u>(3,348)</u>
Net cash (used for) investing activities	<u>(52,961)</u>	<u>(3,348)</u>
Net increase in cash and cash equivalents	<u>443,328</u>	<u>31,099</u>
Cash and cash equivalents, beginning of year	<u>40,775</u>	<u>9,676</u>
Cash and cash equivalents, end of year	<u>\$ 484,103</u>	<u>\$ 40,775</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

LOUISIANA ALLIANCE OF CHILDREN'S ADVOCACY CENTERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Louisiana Alliance of Children's Advocacy Centers (the Alliance) is a nonprofit organization dedicated to supporting the development, growth and continuation of Children's Advocacy Centers (CACs) in the State of Louisiana. This includes supporting the CAC member programs in the education of the public, the legislature, and the courts in Louisiana regarding the status and needs of abused children.

The Alliance is supported by member contributions and by grant funds and contracts from the National Children's Alliance, the State of Louisiana, and the Southern Regional Chapter of CACs to provide administration, training and support of the Alliance and the participating CAC members.

Basis of Accounting

The financial statements of the Alliance have been prepared on the accrual basis of accounting and accordingly revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Alliances*. Under FASB ASC 958-210-50-3, The Alliance is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Alliance. These net assets may be used at the discretion of the Alliance's management and the board of directors. The revenues received in conducting the mission of the Alliance are included in this category.

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

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

LOUISIANA ALLIANCE OF CHILDREN'S ADVOCACY CENTERS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020 AND 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operations

The Alliance has entered into grant agreements and reimbursement contracts with various local, state, and federal governmental entities. Noncompliance with the terms of these agreements and contracts could have a significant adverse effect on the operations of the Alliance.

Cash and Cash Equivalents

The Alliance considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Grants Receivable

Management closely monitors outstanding receivable balances and estimates an allowance for uncollectible receivables based on prior experience. Balances that are determined to be uncollectible are written off. Management has determined that all receivable balances are fully collectible. Accordingly, no provision for doubtful accounts is considered necessary as of December 31, 2020 and December 31, 2019.

Property and Equipment

Property and equipment are recorded at cost when purchased and at fair market value when received as a donation. Property and equipment exceeding \$1,000 is capitalized. Expenditures for maintenance, repairs, and minor renewals are charged against earnings as incurred. Depreciation is computed using the straight-line method over the useful lives of the assets. The lives range from 3 to 7 years. Depreciation expense for the years ended December 31, 2020 and 2019 was \$2,458 and \$529, respectively.

Revenue Recognition

Public Support and Revenue

Contributions are reported as increases in net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions.

Grants and contributions without donor restrictions are recorded as revenue when received or unconditionally pledged. Contributions with donor restrictions are reported as increases in net assets without donor restrictions if the restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, in the reporting period in which the revenue is recognized.

LOUISIANA ALLIANCE OF CHILDREN'S ADVOCACY CENTERS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020 AND 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

In-Kind Donations

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Membership Dues

Membership dues collected from member CACs of \$500 per year are deferred and recognized during the periods for which the dues relate. Accordingly, membership dues received for the next year are deferred until the membership period commences.

Functional Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Alliance.

Income Tax Status

The Alliance is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Alliance's tax-exempt purpose is subject to taxation as unrelated business income. For the year ended December 31, 2020, the Alliance did not have any unrelated business income. Management has evaluated its tax positions and has determined that there are no uncertainties in income taxes that require adjustments to or disclosures in the financial statements. The 2017 through 2019 tax years remain subject to examination by the IRS. Management does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

Date of Management Review

Subsequent events have been evaluated through June 23, 2021, which is the date the financial statements were available to be issued.

LOUISIANA ALLIANCE OF CHILDREN'S ADVOCACY CENTERS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020 AND 2019

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Alliance's financial assets as of December 31, 2020 and 2019 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	2020	2019
Financial assets, at year end	\$ 699,970	\$ 97,380
Less those unavailable for general expenditure within one year due to:		
Funds set aside for donor restricted purposes	(60,386)	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 639,584	\$ 97,380

As part of the Alliance's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Alliance has no open lines of credit on which to draw in case of unanticipated liquidity needs; therefore, short-term cash flows are carefully monitored. The Alliance has made short-term borrowings in the past to pay some of its debts related to one of its contract/grant programs, but none during 2020.

(3) GRANTS AND MEMBERSHIP RECEIVABLE

Grants receivable at December 31, 2020 and 2019 consists of the following:

	2020	2019
LA Division of Administration	\$ 74,048	\$ 8,680
LA Commission of Law Enforcement	111,473	39,880
National Children's Alliance, Inc.	15,578	3,045
Southern Regional Children's Advocacy Center	14,768	-
Children's Advocacy Center chapters	-	5,000
Total grants receivable	\$ 215,867	\$ 56,605

(4) LINE OF CREDIT

In March 2019, the Alliance obtained a revolving line of credit at a financial institution in the amount of \$30,000 that is utilized for working capital for temporary cash flow. The line of credit matured on March 12, 2020 and was renewed through March 12, 2021. Payments are due on demand with an interest rate equal to the prime rate published in the Wall Street Journal (3.25% for 2020) plus 1.5%. There was no outstanding balance as of December 31, 2020 and 2019.

In April 2021, the line of credit was renewed through April 27, 2022 with an increased credit limit of \$50,000.

LOUISIANA ALLIANCE OF CHILDREN'S ADVOCACY CENTERS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020 AND 2019

(5) RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions consisted of the following at December 31st:

	2020	2019
State funding	\$ 497,812	\$ -
	\$ 497,812	\$ -

Net assets were released from restrictions for the following purposes during the years ended December 31st:

	2020	2019
State funding	\$ 252,188	\$ -
	\$ 252,188	\$ -

(6) IN-KIND DONATIONS

A portion of lease payments for office space was donated as described in Note 7.

In addition, an in-kind donation of \$4,000 was recorded as donated equipment and services on the statement of activities in 2019. The company providing website design services to the Alliance donated 50 percent of the value of the work. Thus, there is an expense of \$8,000 and the in-kind donation of \$4,000, resulting in a net cost of \$4,000. This did not occur in 2020.

(7) OPERATING LEASES

The Alliance relocated its office to the New Orleans Children's Advocacy Center in August 2018. The value of the office space located New Orleans provided as an in-kind donation was valued based on the current market rate of \$598 per month and recorded as both a revenue and an expense on the statement of activities. For the years ended December 31, 2020 and 2019, in-kind office space was \$3,587 and \$4,518. This arrangement ceased as of June 30, 2020.

In July 2020, the Alliance signed a lease for office space through April 2021 at a monthly rate of \$1,462. The Alliance amended the terms with the same lessor in October 2020 when the Alliance relocated to a larger office space in the same building. The new lease became effective October 1, 2020 and expires on September 30, 2021. From October 1, 2020 through January 1, 2021, the monthly payments remain \$1,462 and increases to \$2,160 thereafter.

Future minimum lease payments required under the noncancellable operating leases are \$19,440 in 2021.

LOUISIANA ALLIANCE OF CHILDREN'S ADVOCACY CENTERS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020 AND 2019

(8) CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Alliance to concentrations of credit risk principally consist of cash and receivables. The Alliance's policy is to not require receivables to be collateralized.

The Alliance maintains its cash in bank deposit account at a financial institution. The balances at times may exceed federally insured limits. At December 31, 2020 and 2019, there was no cash in excess of amounts covered by the Federal Deposit Insurance Corporation (FDIC) of \$250,000. The Alliance has not experienced any losses in these accounts.

Revenue from three sources represent 76% and 90% of total revenue as of December 31, 2020 and 2019 respectively. Two sources represent 86% of total grants receivable as of December 31, 2020 and 2019.

(9) NEW ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2016-02, "*Leases*." This Update seeks to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and by disclosing key information about leasing arrangements. Deferring the effective date of Update No. 2016-02 to annual reporting periods beginning after December 15, 2020, the FASB issued Update No. 2019-10, "*Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Lease (Topic 842)*." The FASB further delayed the implementation date by one year through ASU 2020-05 "*Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*." Entities may now apply the guidance in Update No. 2016-02 to annual reporting periods beginning after December 15, 2021, and to interim reporting periods within annual reporting periods beginning after December 15, 2022. The Alliance plans to adopt this Update as applicable by the effective date.

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2020-07, "*Not-for-Profit Entities (Topic 958)*." This Update seeks to increase transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in an NFP's programs and other activities. This Update will be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The Alliance plans to adopt this Update as applicable by the effective date.

LOUISIANA ALLIANCE OF CHILDREN'S ADVOCACY CENTERS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020 AND 2019

(10) SUBSEQUENT EVENTS

As described in Note 4, the line credit was renewed in April 2021 through April 27, 2022 with increased credit limit of \$50,000.

(11) RECLASSIFICATIONS

The Alliance made certain reclassifications to prior period amounts to conform to the current year presentation. These reclassifications did not have a material effect on the financial statements.

SUPPLEMENTARY INFORMATION

LOUISIANA ALLIANCE OF CHILDREN'S ADVOCACY CENTERS
SCHEDULE OF COMPENSATION,
BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Executive Director</u>
	Kathryn Shipley
Time served	01/01/20 through 12/31/20
Salary	\$ 80,250
Benefits - insurance (health and dental)	4,517
Payroll taxes	6,139
Reimbursements	<u>2,033</u>
Total compensation, benefits, and other payments	<u><u>\$ 92,939</u></u>

See accompanying NOTES TO FINANCIAL STATEMENTS

OTHER REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*



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

To the Board of Directors and Management of
Louisiana Alliance of Children's Advocacy Centers
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Louisiana Alliance of Children's Advocacy Centers (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statement 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 23, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-001 that we consider to be a significant deficiency.



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors and Management of
Louisiana Alliance of Children’s Advocacy Centers
June 23, 2021

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Alliance of Children’s Advocacy Centers’ 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 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2020-001.

Louisiana Alliance of Children’s Advocacy Centers’ Response to Findings

Louisiana Alliance of Children’s Advocacy Centers’ response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Louisiana Alliance of Children’s Advocacy Centers’ response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Louisiana Alliance of Children’s Advocacy Centers’ internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 23, 2021
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

SINGLE AUDIT SECTION



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

To the Board of Directors and Management of
Louisiana Alliance of Children's Advocacy Centers
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Louisiana Alliance of Children's Advocacy Centers's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Louisiana Alliance of Children's Advocacy Centers' major federal programs for the year ended December 31, 2020. Louisiana Alliance of Children's Advocacy Centers's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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



To the Board of Directors and Management of
Louisiana Alliance of Children’s Advocacy Centers
June 23, 2021

Opinion on Each Major Federal Program

In our opinion, Louisiana Alliance of Children’s Advocacy Centers’ 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, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major federal program is not modified with respect to these matters.

Louisiana Alliance of Children’s Advocacy Centers’ response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Louisiana Alliance of Children’s Advocacy Centers’ response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Louisiana Alliance of Children’s Advocacy Centers 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 Louisiana Alliance of Children’s Advocacy Centers’ 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 Louisiana Alliance of Children’s Advocacy Centers’ internal control over compliance.



To the Board of Directors and Management of
Louisiana Alliance of Children's Advocacy Centers
June 23, 2021

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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

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.

June 23, 2021
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

LOUISIANA ALLIANCE OF CHILDREN'S ADVOCACY CENTERS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/Pass-Through or Grantor/Program or Cluster Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Federal Expenditures	Pass-through to Subrecipients
U.S. Department of Justice, Office of Justice Programs				
<i>Pass-through State of Louisiana, Louisiana Commission of Law Enforcement Crime Victim Assistance</i>	16.575	2018-VA-03-5253/5691	S 240,915	S -
<i>Pass-through State of Louisiana, Office of the Governor, Children's Cabinet Services for Trafficking Victims</i>	16.320	2000449874/2000514860	389,027	350,421
<i>Pass-through National Children's Alliance Partnership: Improving the Investigation and Prosecution of Child Abuse and the Regional and Local Children's Advocacy Centers</i>	16.758	NEWO-LA-3QIAA20	119,308	41,322
<i>Pass-through Southern Regional Children's Advocacy Center Partnership Juvenile Justice and Delinquency Prevention</i>	16.540		<u>14,479</u>	<u>-</u>
Total U.S. Department of Justice			<u>763,729</u>	<u>391,743</u>
Total Expenditures of Federal Awards			<u>S 763,729</u>	<u>S 391,743</u>

LOUISIANA ALLIANCE OF CHILDREN'S ADVOCACY CENTERS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 – SCOPE OF AUDIT PURSUANT TO *GOVERNMENT AUDITING STANDARDS AND TITLE 2 U.S. CODE OF FEDERAL REGULATIONS PART 200, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE)*

All federal grant operations of Louisiana Alliance of Children's Advocacy Centers are included in the scope of the single audit. Those programs which were major grants and selected for specific testing were:

Services for Trafficking Victims (CFDA No. 16.320)

NOTE 2 – FISCAL PERIOD AUDIT

Single audit testing procedures were performed for program transactions occurring during the year ended December 31, 2020.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when Louisiana Alliance of Children's Advocacy Centers have met the qualifications for the respective grants.

Accrued and Deferred Reimbursement

Various reimbursement procedures are used for federal awards received by Louisiana Alliance of Children's Advocacy Centers. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balances at year end represent an excess of reimbursable expenditures over cash reimbursements and expenditures will be reversed in the remaining grant period.

Pass-Through Entity Information

Pass-through entity identifying numbers are presented where available.

Payments to Subrecipients

Payments to subrecipients are disclosed on the schedule of expenditures of federal awards for the year ended December 31, 2020.

NOTE 4 – INDIRECT COST RATE

Louisiana Alliance of Children's Advocacy Centers has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

LOUISIANA ALLIANCE OF CHILDREN'S ADVOCACY CENTERS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

I. SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Louisiana Alliance of Children's Advocacy Centers.
2. One significant deficiency but no material weaknesses was reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*, was disclosed during the audit of the financial statements.
3. One instance of noncompliance material to the financial statements of Louisiana Alliance of Children's Advocacy Centers, was reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. A significant deficiency but no material weaknesses relating to the audit of the major federal award programs was reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for Louisiana Alliance of Children's Advocacy Centers expresses an unmodified opinion on all major federal programs.
6. There were audit findings required to be reported in accordance with 2 CFR section 200.516(a).
7. A management letter was not issued for the year ended December 31, 2020.
8. The program tested as major programs was CFDA #16.320 Services for Trafficking Victims.
9. The threshold for distinguishing Types A and B programs was \$750,000.
10. Louisiana Alliance of Children's Advocacy Centers was not determined to be a low-risk auditee.

II. FINDINGS - FINANCIAL STATEMENT AUDIT

See finding 2020-001 below as an instance of noncompliance or other matters required to be reported under *Government Auditing Standards*.

LOUISIANA ALLIANCE OF CHILDREN'S ADVOCACY CENTERS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

III. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

U.S Department of Justice, Office of Justice Program
CFDA No. 16.320 Services for Trafficking Victims

Significant Deficiencies

2020-001 Policies and Procedures Over Grant Management

Criteria: Although the Alliance has informal policies and procedures over grant management, the regulation at 2 CFR §200.302(b) requires the Alliance to have written procedures to implement the requirement of federal payment and written procedures for determining the allowability of costs in accordance with cost principles and the terms and condition of the federal award.

Condition: We noted that the Alliance lacked written policies and procedures over grant management.

Cause: The Alliance's size precludes the need for clearly written grant management written policies and procedures.

Effect: The Alliance is not in compliance with the regulation. The Alliance may not be able to effectively train new employees as the number of employees grow.

Recommendation: The Alliance should document policies and procedures to include: clearly defined roles and responsibilities for preparing fund requests and recording related receivables in the financial reporting system; formal review process that is distinct from the person who prepares the request and the person who records the request into the financial reporting system; frequency of funding requests; maintains documentation that supports the request amount and is reconciled to the financial reporting system at that point in time; procedures to reconcile receipts of grant funding to initial requests; procedures for identifying and acting on receivables that are not received from agencies timely; and identification of alternative procedures in the absence of personnel that are key to the process.

Views of Responsible Officials: Management agrees with the finding and is working toward implementing the recommendation. See Management's Corrective Action Plan for further information.

LOUISIANA ALLIANCE OF CHILDREN'S ADVOCACY CENTERS
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

I. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no findings related to the financial statements for the year ended December 31, 2019.

II. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

There were no findings related to major federal award programs for the year ended December 31, 2019.

III. MANAGEMENT LETTER

There was no management letter for the year ended December 31, 2019.



June 23, 2021

Louisiana Legislative Auditor

Louisiana Alliance of Children's Advocacy Centers respectfully submits the following corrective action plan for the year ended December 31, 2020.

Name and address of independent public accounting firm:

Ericksen Krentel L.L.P.
4227 Canal Street
New Orleans, LA 70119

Audit Period: January 1, 2020 – December 31, 2020

The finding from December 31, 2020 is discussed below. The finding is numbered consistently with the number assigned in the schedule.

SECTION II FINDINGS – MAJOR AND FEDERAL AWARD PROGRAMS AUDIT

**U.S. Department of Justice, Office of Justice Program
CFDA No. 16320 Services for Trafficking Victims**

Significant Deficiencies

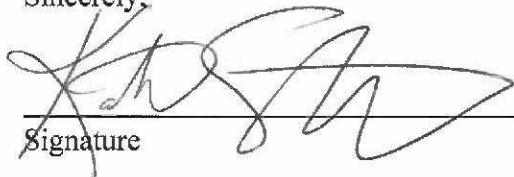
2020-001 Policies and Procedures Over Grant Management

Recommendation: We recommend that the Alliance document policies and procedures to include: clearly defined roles and responsibilities for preparing fund requests and recording related receivables in the financial reporting system; formal review process that is distinct from the person who prepares the request and the person who records the request into the financial reporting system; frequency of funding requests; maintains documentation that supports the request amount and is reconciled to the financial reporting system at that point in time; procedures to reconcile receipts of grant funding to initial requests; procedures for identifying and acting on receivables that are not received from agencies timely; and identification of alternative procedures in the absence of personnel that are key to the process.

Management's Response: Management agrees with the recommendation and will work toward implementing the recommendation.

If there are any questions regarding this plan, please contact Kathryn Shipley, Executive Director, at (504)-715-4955.

Sincerely,



Signature

Executive Director

Title