

DR. M.W. MCCALED EDUCATIONAL FUND, INC.

**Accountant's Compilation Report
For the Year Ended December 31, 2018**

**Talmadge E. Mitchel
Certified Public Accountant
A Professional Corporation**

Dr. M. W. McCaleb Educational Fund, Inc.
December 31, 2018

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Independent Accountant's Compilation Report

To the Board of Directors of
Dr. M.W. McCaleb Educational Fund, Inc.
New Orleans, Louisiana

Management is responsible for the accompanying financial statements of Dr. M. W. McCaleb Educational Fund, Inc., 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 in accordance with accounting principles generally accepted in the United States of America. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Supplementary Information

The accompanying schedule of compensation, benefits, and other payments to the agency head, political subdivision head, or chief executive officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. The information was subject to my compilation engagement, I have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on the supplementary information.



Talmadge E. Mitchel
Certified Public Accountant
A Professional Corporation
New Orleans, Louisiana
July 23, 2019

Dr. M. W. McCaleb Educational Fund, Inc.

**Statement of Financial Position
December 31, 2018**

ASSETS	
Current Assets	
Cash In Banks	\$ 25,852
Total Current Assets	<u>25,852</u>
Fixed Assets	
Land and Building	1,422,570
Office Furniture and Equipment	11,687
Vehicle	18,500
Less: Accumulated Depreciation	<u>(918,643)</u>
Total Fixed Assets	534,114
Other Assets	
Investment in LLC	<u>811,844</u>
TOTAL ASSETS	\$ <u><u>1,371,810</u></u>
LIABILITIES & NET ASSETS	
Liabilities	
Current Liabilities	
Accounts Payable	\$ 3
Payroll Liabilities	151,058
Due to Employee	279
Loan Payable - Current Portion	<u>32,235</u>
Total Current Liabilities	183,575
Long Term Liabilities	
Loan Payable	<u>95,062</u>
Total Long Term Liabilities	<u>95,062</u>
Total Liabilities	278,637
Net Assets	
Net assets without donor restrictions	281,329
Net assets with donor restrictions	<u>811,844</u>
Total Net Assets	<u>1,093,173</u>
TOTAL LIABILITIES & NET ASSETS	\$ <u><u>1,371,810</u></u>

See Independent Accountant's Compilation Report

Dr. M. W. McCaleb Educational Fund, Inc.

**Statement of Activities
For the Year Ended
December 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
Increase in Net Assets Support, Contributions, and Program Income			
Income			
Developer's Fees	\$ 66,463	\$ -	\$ 66,463
Program Income	-	81,555	81,555
Other Income	4,443	-	4,443
Satisfaction of program restrictions	81,555	(81,555)	-
Total Income	<u>152,461</u>	<u>-</u>	<u>152,461</u>
Decrease in Net Assets Expense			
Program Expenses	206,067	-	206,067
General and Administrative	39,514	-	39,514
Total Expense	<u>245,581</u>	<u>-</u>	<u>245,581</u>
Change in Net Assets (deficit)	(93,120)		(93,120)
Net Assets beginning of the year	429,229	811,844	1,241,073
Prior Period Adjustments	(54,780)	-	(54,780)
Net Assets (without donor unrestrictions) end of the year	<u>\$ 281,329</u>	<u>\$ 811,844</u>	<u>\$ 1,093,173</u>

See Independent Accountant's Compilation Report

Dr. M. W. McCaleb Educational Fund, Inc.

**Statement of Functional Expenses
For the Year Ended
December 31, 2018**

Expense	Public Support		Total
	<u>General Fund</u>	<u>Shelter Plus</u>	
Automobile Expense	\$ 6,252	\$ -	\$ 6,252
Bank Service Charges	116	-	116
Contributions	1,250	-	1,250
Depreciation Expense	-	64,801	64,801
Insurance	108	7,588	7,696
Interest Expense	18,349	-	18,349
Postage and Delivery	-	-	-
Professional Fees	5,510	395	5,905
Repairs & Maintenance	-	18,610	18,610
Supplies	168	5,200	5,368
Telephone	3,715	-	3,715
Travel	3,966	-	3,966
Utilities	-	28,032	28,032
Payroll Expenses	<u>80</u>	<u>81,441</u>	<u>81,521</u>
Total Expense	\$ <u>39,514</u>	\$ <u>206,067</u>	\$ <u>245,581</u>

See Independent Accountant's Compilation Report

Dr. M. W. McCaleb Educational Fund, Inc.

**Cash Flow Statement
For the Year Ended
December 31, 2018**

OPERATING ACTIVITIES

Change in Net Assets - Decrease	\$	(93,120)
Adjustments to reconcile Net Income to net cash provided by operations:		
Depreciation Expense		64,801
Contracts Receivable - Decrease		-
Employee Receivables - Increase		4
Payroll Liabilities - Increase		20,147
Other Accounts Payable - Increase		422
Accrued Payroll Expense - Decrease		
Net cash used by Operating Activities		<u>(7,746)</u>

FINANCING ACTIVITIES

Reverse Duplicate Deposits		(83,073)
Loan Payment		<u>(24,457)</u>
Net cash used by Financing Activities		<u>(107,530)</u>
Net cash decrease for period		(115,276)
Cash at beginning of period		<u>141,128</u>
Cash at end of period	\$	<u><u>25,852</u></u>

Interest paid for the year ending December 31, 2018 was \$18,349

See Independent Accountant's Compilation Report

Dr. M. W. McCaleb Educational Fund, Inc.

**Notes to the Financial Statements
December 31, 2018**

Note 1 –Nature of Organization

The Dr. M.W. McCaleb Educational Fund, Inc. (a non-profit corporation) was established in 1988. The organization's primary purpose is to provide affordable housing, revitalize communities within its established boundaries in New Orleans, Louisiana and create a viable community for residents.

Dr. M.W. McCaleb Educational Fund, Inc. administered the following programs:

Unity for the Homeless Shelter Plus Contract: Dr. M.W. McCaleb Educational Fund was awarded contracts by Unity for the Homeless for the period July 1, 2017 through June 30, 2018 to provide housing and supportive services on a long-term basis for homeless persons with disabilities, (primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and acquired immunodeficiency syndrome (AIDS) or related diseases) and their families who are living in places not intended for human habitation (e.g., streets) or in emergency shelters. The program allows for a variety of housing choices, and a range of supportive services funded by other sources, in response to the needs of the hard-to-reach homeless population with disabilities.

Summary of Significant Accounting Policies

Basis of Presentation

Financial statement presentation follows the recommendations of the FASB ASC 958-210, Financial Statements of Not-for-profit Organizations. Under FASB ASC 958-210, the Agency may report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Basis of Accounting

McCaleb's financial statements are prepared on the accrual basis of accounting, whereby revenue is recorded when earned and expenses are recorded when incurred.

Property and Equipment

Improvements which significantly extend the useful life of an asset and purchases of buildings, land, and equipment are capitalized. The straight line method of depreciation is used for the assets owned by McCaleb. The estimated useful lives of these assets range from 3 to 40 years.

Income Taxes

McCaleb has been determined to be tax exempt under Section 501 (c) 3 of the Internal Revenue Code. Tax years 2015, 2016, and 2017 remain open for potential examination of taxing authorities. The agency's financial exposure would exist as it relates to potential unrelated business income.

Dr. M. W. McCaleb Educational Fund, Inc.
Notes to the Financial Statements
December 31, 2018

Use of Estimates

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

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities..

Accordingly, program and support service expenses are specifically identified with or allocated to the Agency's various functions. Expenses requiring allocation include services provided by the Agency's management and administrative staff to specific program-related activities. Expense allocations are prorated based on a percentage of time or actual usage.

Cash - Cash is comprised of cash on hand and in banks.

Net Assets

The Dr. M.W. McCaleb Educational Fund, Inc. adopted FASB ASC 958-10-65-1 during the year ended December 31, 2018, accordingly, net assets of the Organization and changes therein are classified and reported as follows, as financial circumstances require:

Net assets without donor restrictions – These are net assets that are not subject to donor-imposed stipulations. Some unrestricted net assets may be designated by the governing board of the Organization for specific purposes.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. The McCaleb Housing Partnership, LLC was established between the Dr. M. W. McCaleb Educational Fund, Inc. and the Gulf Coast Housing Partnership, Inc. to develop the McCaleb Supportive Housing Complex. The complex was constructed with HUD funds under the Community Development Block Grant, and as such, includes temporary restrictions required by HUD for a period of 15 years. The 43-unit complex must be rented to low or moderate income families, As such, the invested funds are designated as temporarily restricted net assets until the time restriction has expired.

As of December 31, 2018, McCaleb had both net assets without donor restrictions and net assets with donor restrictions.

Dr. M. W. McCaleb Educational Fund, Inc.
Notes to the Financial Statements
December 31, 2018

Note 2 – Investment

The investment account reflects the Dr. M. W. McCaleb’s partnership share (50%) in the McCaleb Supportive Housing Complex. The complex is a 43 unit apartment facility which is rented to low or moderate income individuals or families. The Organization received HUD funds for its share of the construction of the complex. The partnership agreement provides that the Organization shares 50% of the profits or losses of the facility’s operations. The original investment was \$811,844.

Note 3 - Economic Dependency

Dr. M.W. McCaleb Educational Fund, Inc. receives 54% of its funding from contracts with Unity which are pass-through government funds and 44% from development fees on building contracts. The continuance of the contract with the Unity program is dependent upon the agency's ability to gain renewal of contracts and grants as well as to obtain new funding.

Note 4 – Note Payable - Related Party Transaction

The Organization has an agreement with Progressive Baptist Church (a religious organization which the Executive Director can exercise considerable influence upon) on a loan from a financial institution, for the purpose of renovations and repairs. The Church is the guarantor of the loan, however, the Organization has provided property to collateralize the loan. The property has a net book valued at \$234,00 at December 31, 2018. The Organization has signed a legal document obligating them to repay the Church, or directly to the financial institution. The loan originated on June 23, 2007 in the amount of \$350,000 at an interest rate of 9% for a period of 30 years. The Organization makes payments in the amount of \$3,532 per month.

The maturity of the long-term debt is as follows:

2019	32,235.40	
2020	35,259.31	
2021	38,566.87	
2022	21,236.01	
	127,297.59	Current Balance
		Less: Current
	(32,235.40)	Portion
	95,062.19	Balance

Interest expense for the long-term debt was \$18,349 at December 31, 2018.

Note 5 - Concentration of Credit

Financial instruments that potentially subject the Organization to credit risk consist principally of cash at financial institutions and grants/contracts receivable. Demand deposits, as reflected in the banks' records, are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Dr. M. W. McCaleb Educational Fund, Inc.
Notes to the Financial Statements
December 31, 2018

Note 6 – Contingencies

As of December 31, 2018, there were no matters relating to existing or possible litigation, questioned costs, nor refunds of grant proceeds.

Note 7 - Board of Directors Compensation

The board of directors operates on a voluntary basis, however there was a payment made to a board member during the year ended December 31, 2018 to cover travel expenses.

Note 8 - Subsequent Events

The Organization has evaluated subsequent events through the date that the financial statements were available to be issued, July 23, 2019, and determined that no events occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 9 – Prior Period Adjustments

Adjustments were made to prior period cash in bank which also affected the net assets. Cash was reduced by \$54,780 for deposits which had been record in error during 2013 and 2015 and had been carried in the bank reconciliation as outstanding. The effect was a reduction in beginning cash and a reduction in unrestricted net assets.

SUPPLEMENTAL INFORMATION

Dr. M. W. McCaleb Educational Fund, Inc.

**Current Year Findings
December 31, 2018**

Item 2018-001-Delinquent Reporting

Criteria

Louisiana Revised Statute 24:513 require that compiled financial statement be submitted to the Legislative Auditor within six months of the close of the organization's fiscal year.

Condition

The Organization's fiscal year ended December 31, 2018 and was required to submit compilation report by June 30, 2019.

Questioned Costs

None

Effect

The Organization is not in compliance with State requirements.

Cause

The Organization obtained the services of an Independent Certified Public Accounting firm, approved by the Louisiana Legislative Auditor. Because of problems with obtaining the base files, the engagement request was not submitted to the Legislative Auditor, until July 17, 2019. Approval was received July 18, 2019 and the engagement commence thereafter.

Recommendation

Management should engage the Independent Certified Public Accountant within 45 days prior to year-end, or within 45 days after year end.

Views of responsible officials and planned corrective action

Contact Person Responsible: Executive Director

Corrective Action Plan: Management concurs with auditor's finding as noted. Management will ensure that the necessary reports are submitted to the Legislative Auditor within the required time necessary to be in compliance.

Dr. M. W. McCaleb Educational Fund, Inc.

**Status of Prior Year Findings
December 31, 2017**

NONE

Dr. M.W. Murphy McCaleb Educational Fund

**Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief
Executive Officer
Year Ended December 31, 2018**

Agency Head Name: Rev. Willie Gable, Jr.

Purpose	Amount
Salary	\$ 32,000
Benefits - Insurance	0
Benefits - Retirement	0
Benefits - Other	\$ 2,448
Car Allowance	
Vehicle provided by Organization	\$ 6,252
Per Diem	0
Reimbursements	0
Travel	\$ 3,966
Registration Fees	0
Conference Travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0