

LOUISIANACHILDREN.ORG
FINANCIAL STATEMENTS AND
AUDITOR'S REPORT
JUNE 30, 2017

LOUISIANACHILDREN.ORG

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Louisianachildren.org

Report on the Financial Statements

We have audited the accompanying financial statements of Louisianachildren.org (a non-profit organization), which comprise the statement of the financial position as of June 30, 2017, and the related statements of activities 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 controls 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.

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 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 Louisianachildren.org as of June 30, 2017, 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.

Report on Summarized Comparative Information

We have previously audited Louisianachildren.org's 2016 financial statements, and our report dated October 5, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules listed in the table of contents is presented for the purpose 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 statement 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 October 1, 2017, on our consideration of Louisianachildren.org's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Louisianachildren.org's internal control over financial reporting and compliance.

Justin J. Scanlon, CPA, LLC

New Orleans, Louisiana
October 1, 2017

LOUISIANACHILDREN.ORG
STATEMENT OF FINANCIAL POSITION

June 30, 2017

ASSETS

		SUMMARIZED COMPARATIVE INFORMATION
		<u>June 30, 2016</u>
Cash	\$ 8,969	\$ 355
Receivables		
Grants (Notes A4 and B)	112,735	79,417
Other	<u>15,658</u>	<u>17,418</u>
	<u>128,393</u>	<u>96,835</u>
Total assets	\$ 137,362	\$ 97,190

LIABILITIES AND NET ASSETS

Accounts payable and accrued liabilities	\$ <u>47,759</u>	\$ <u>22,675</u>
Total liabilities	<u>47,759</u>	<u>22,675</u>
Commitment (Note C)	-	-
Net assets		
Unrestricted	68,663	74,515
Temporarily restricted (Note D)	<u>20,940</u>	<u>-</u>
Total net assets	<u>89,603</u>	<u>74,515</u>
Total liabilities and net assets	\$ 137,362	\$ 97,190

The accompanying notes are an integral part of this financial statement.

LOUISIANACHILDREN.ORG

STATEMENT OF ACTIVITIES

For the year ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>TOTAL</u>	<u>SUMMARIZED COMPARATIVE INFORMATION For the year ended June 30, 2016</u>
REVENUE				
Grant appropriations	\$ -	\$ 767,710	\$ 767,710	\$ 741,879
Contributions	9,545	-	9,545	7,807
Other	128,503	-	128,503	126,246
Net assets released from restrictions	<u>746,770</u>	<u>< 746,770 ></u>	<u>-</u>	<u>-</u>
TOTAL REVENUE	<u>884,818</u>	<u>20,940</u>	<u>905,758</u>	<u>875,932</u>
EXPENSES				
Salaries	444,242	-	444,242	462,984
Fringe benefits	39,669	-	39,669	52,344
Travel	50,929	-	50,929	54,743
Occupancy expense	22,232	-	22,232	16,498
Telephone	2,245	-	2,245	4,565
Supplies	14,519	-	14,519	14,431
Professional services	22,462	-	22,462	35,456
Equipment expense	20,670	-	20,670	16,055
Insurance	3,538	-	3,538	2,805
Printing	4,962	-	4,962	2,072
Training	126,833	-	126,833	118,114
Program support	135,520	-	135,520	82,626
Other costs	<u>2,849</u>	<u>-</u>	<u>2,849</u>	<u>3,379</u>
TOTAL EXPENSES	<u>890,670</u>	<u>-</u>	<u>890,670</u>	<u>866,072</u>
Increase <decrease> in net assets	<u>< 5,852 ></u>	<u>20,940</u>	<u>15,088</u>	<u>9,860</u>
Net assets, beginning of year	<u>74,515</u>	<u>-</u>	<u>74,515</u>	<u>64,655</u>
Net assets, end of year	<u>\$ 68,663</u>	<u>\$ 20,940</u>	<u>\$ 89,603</u>	<u>\$ 74,515</u>

The accompanying notes are an integral part of this financial statement.

LOUISIANACHILDREN.ORG
STATEMENT OF CASH FLOWS
For the year ended June 30, 2017

**SUMMARIZED
COMPARATIVE
INFORMATION**
**For the year
ended
June 30, 2016**

Cash flows from operating activities:		
Increase <decrease> in net assets	\$ 15,088	\$ 9,860
Adjustments to reconcile increase in net assets to net cash provided by <used in> operating activities:		
Changes in assets and liabilities:		
<Increase> decrease in grants receivable	< 33,318>	7,724
<Increase> decrease in other receivables	1,760	< 7,296>
Increase <decrease> in accounts payable and accrued liabilities	25,084	<25,465>
Net cash provided by <used in> operating activities	8,614	< 15,177>
Net increase <decrease> in cash and cash equivalents	8,614	< 15,177>
Cash and cash equivalents, beginning of year	355	15,532
Cash and cash equivalents, end of year	\$ 8,969	\$ 355

The accompanying notes are an integral part of this financial statement.

LOUISIANACHILDREN.ORG

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the corporation's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Nature of Activities

Louisianachildren.org is a non-profit corporation organized to support evidence-based services and programs for vulnerable families. In order to accomplish its mission, it administers programs of Louisiana CASA Association and the Children's Advocacy Center of Louisiana. Louisiana CASA Association's programs support and encourage the Court Appointed Special Advocate programs in Louisiana; to promote cooperation and communication among CASA programs within Louisiana; to coordinate and encourage funding of CASA programs at the state level; and to represent the Louisiana CASA programs at the national level.

Children's Advocacy Center of Louisiana program provides a safe and friendly atmosphere for children to disclose sexual and physical abuse and to provide service for abused children and their families.

2. Financial Statement Presentation

The financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958, Presentation of Financial Statements. Accordingly, the net assets of the corporation are classified to present the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

The net assets and changes therein are classified as follows:

Unrestricted Net Assets - Contributions and other revenue and expenses for the general operation of its programs.

Temporarily Restricted Net Assets - Contributions and other revenues specifically authorized by the donor or grantor to be used for specific purposes.

Permanently Restricted Net Assets - Contributions subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by actions of the Corporation pursuant to those stipulations. There were no permanently restricted net assets.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. **Revenue Recognition**

For financial reporting, the corporation recognizes all contributed support as income in the period received. Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as "net assets released from restrictions".

Grant revenue is earned in accordance with approved contracts.

4. **Receivables**

The corporation considers accounts receivables to be fully collectible since the balance consists primarily of payments due under government contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made.

5. **Property and Equipment**

Louisianachildren.org records property acquisitions at cost. Donated assets are recorded at estimated value at the date of donation. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. There was no depreciation expense for the year ended June 30, 2017.

It is the policy of the corporation to capitalize all property, furniture, and equipment with an acquisition cost in excess of \$5,000.

6. **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. Accordingly, actual results could differ from those estimates.

7. **Cash Equivalents**

For purposes of the statement of cash flows, the corporation considers all demand deposits to be cash equivalents.

8. **Fair Values of Financial Instruments**

The carrying amount of cash and cash equivalents reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

LOUISIANACHILDREN.ORG

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

9. Functional Allocation of Expenses

The expenses of providing the program and other activities have been summarized on a functional basis in the footnote of functional expenses. Certain of those expenses have been allocated among the program and supporting services benefited based on estimates by management of the costs involved.

10. Subsequent Events

The subsequent events of the corporation were evaluated through the date the financial statements were available to be issued (October 1, 2017).

11. Summarized Comparative Information

Summarized comparative information is presented only to assist with financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE B - GRANTS RECEIVABLE

Grants receivable at June 30, 2017 consist of the following:

State of Louisiana -- Department of Children and Family Services	\$ 30,392
State of Louisiana -- Supreme Court	15,806
Louisiana Commission on Law Enforcement and Administration of Criminal	31,530
Corporation for National and Community Service	<u>35,007</u>
	\$ 112,735

NOTE C – RENTAL EXPENSE

The corporation leases its administrative facility under a one year operating lease expiring May 31, 2017, and then as a month to month operating lease. The rental expense for the year ended June 30, 2017 totaled \$22,232.

NOTE D - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2017 consists of the following:

Lamar Family Foundation	\$ 20,940
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LOUISIANACHILDREN.ORG

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

NOTE E – INCOME TAXES

The corporation is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code.

The corporation has adopted the provision of FASB ASC 740-10-25, which requires a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The organization does not believe its financial statements include any uncertain tax positions.

NOTE F– PENSION PLAN

The corporation has a defined contribution plan covering all full-time employees who have reached the age of 21 with at least one year of service. The corporation contributes to the plan an amount equal to 7% of total employee's compensation. There was no change in the contribution rate from the prior year. The pension expense for the year ended June 30, 2017 totaled \$15,342, which is included in fringe benefit costs in the Statement of Activities.

NOTE G - BOARD OF DIRECTORS COMPENSATION

The board of directors is a voluntary board; therefore, no compensation was paid to any board member during the year ended June 30, 2017.

NOTE H – FUNCTIONAL EXPENSES

Functional expenses for the year ended June 30, 2017 are as follows:

Program services	
Court Appointed Special Advocate	\$ 701,770
Children Advocacy Center	<u>122,361</u>
	<u>824,131</u>
Supportive services	
Management and general	56,381
Fundraising	<u>10,158</u>
	<u>66,539</u>
	\$ 890,670

LOUISIANACHILDREN.ORG

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

NOTE 1 - ECONOMIC DEPENDENCY

The corporation received the majority of its revenue from funds provided through grants administered by the State of Louisiana and other non profit entities. The grant amounts are appropriated each year by the state and federal government. If significant budget cuts are made at the federal and state level, the amount of funds the organization receives could be reduced significantly and have an adverse impact on its operation. At the time of completion of the examination of the corporation's financial statements, management was not aware of any actions taken that would adversely affect the amount of funds the corporation will receive in the next fiscal year.

The corporation's support through government grants totaled 82% for the year ended June 30, 2017.

SUPPLEMENTAL SCHEDULES

LOUISIANACHILDREN.ORG

STATEMENT OF ACTIVITIES
LOUISIANA SUPREME COURT

For the year ended June 30, 2017

REVENUE

Grant appropriation	\$ <u>176,764</u>
Total Revenue	\$ <u>176,764</u>

EXPENSES

Salaries	56,622
Fringe benefits	8,659
Occupancy	12,236
Supplies	2,542
Printing	2,373
Insurance	2,377
Professional services	6,339
Training	75,096
Travel	9,290
Equipment	5,793
Other	<u>350</u>
Total Expenses	<u>181,677</u>

Increase <decrease> in net assets \$ <4,913>

LOUISIANACHILDREN.ORG

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

For the year ended June 30, 2017

Agency Head Name: Kathleen Stewart Richey

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 85,000
Benefits - retirement	5,950
Travel reimbursements	385

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A LIMITED LIABILITY COMPANY

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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*

Board of Directors
Louisianachildren.org

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 Louisianachildren.org (a non-profit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 1, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Louisianachildren.org'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 Louisianachildren.org's internal control. Accordingly, we do not express an opinion on the effectiveness of the Louisianachildren.org's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not 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 that we consider to be a significant deficiency. The significant deficiency is identified as item 2017 - 001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisianachildren.org's financial statements are free of 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*.

Louisianachildren.org's Response to Findings

Louisianachildren.org's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Louisianachildren.org's 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Jason J. Scanlan, CPA, LLC

New Orleans, Louisiana
October 1, 2017

LOUISIANACHILDREN.ORG
SCHEDULE OF FINDINGS AND RESPONSES

For the year ended June 30, 2017

A. SIGNIFICANT DEFICIENCY

2017-001 Cash

Condition: The cash account was reconciled monthly to the running check register balance and not the general ledger. The check register balance did not reflect all the activity recorded in the general ledger.

Criteria: The cash account should be reconciled monthly to the general ledger.

Effect: The accuracy of the financial statements are compromised. The financial statements may not be complete and accurate.

Recommendation: The cash account should be reconciled monthly and agreed to the general ledger.

Response: See Corrective Action Plan.

B. STATUS OF PRIOR YEAR AUDIT FINDINGS

There were no prior year audit findings.



LouisianaChildren.org

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Jessica Elliott
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Neil Ferrari
Latifey LaFleur
Jacqueline Nash-Grant
Tara Peltier
Cinnamon Salvador

CORRECTIVE ACTION PLAN

2017-001 Cash

The audit report found that cash account was being reconciled to the running check register balance rather than the general ledger. We agree with the recommendation that the cash account should be reconciled monthly and agreed to the general ledger. Louisianachildren.org relies on the coordination between our CPA and program coordinator as it relates to all financial data. The organization has recently incurred a staff change that it believes will ensure that the audit recommendations are implemented and that the financial statements can be relied upon to be complete and accurate.

