

NORTHEAST NEW START OUTREACH, INC.
Winnsboro, Louisiana

**COMPILATION REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2017**

BY

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December 31, 2017**

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ACCOUNTANT'S COMPILATION REPORT

Board of Directors
Northeast New Start Outreach, Inc.
Winnsboro, Louisiana 71295

Management is responsible for the accompanying financial statements of Northeast New Start Outreach, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017 and the related statements of activities, cash flows, and functional expenses for the year then ended 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 AICPA. 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.

The accompanying supplementary information Schedules 1 through 5 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to my compilation engagement. I have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Management has elected to omit substantially all the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Northeast New Start Outreach, Inc.'s financial position, changes in net assets, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Rosie D. Harper
Certified Public Accountant

Monroe, Louisiana
June 27, 2018

FINANCIAL STATEMENTS

Statement of Financial Position
December 31, 2017

Assets

Cash	\$	330
Grant Receivable		6,290
		6,620
Total Assets		6,620

Liabilities and Net Assets**Liabilities:**

Accrued Liabilities		3,646
Payroll Liabilities		1,033
Line of Credit		3,690
		8,369
Total Liabilities		8,369

Net Assets:

Unrestricted		
Investment in Fixed Assets		-
Operating		(1,749)
Total Unrestricted Net Assets		(1,749)
Temporarily Restricted		-
Total Net Assets		(1,749)
Total Liabilities and Net Assets	\$	6,620

See Accountant's Compilation Report.

Statement of Activities
For the Year Ended
December 31, 2017

UNRESTRICTED NET ASSETS**Support**

Contributions	\$ 11,190
Fundraising	<u>3,351</u>

TOTAL UNRESTRICTED SUPPORT 14,541

Net Assets Released from Restrictions

Restrictions Satisfied by Payments 47,100

TOTAL UNRESTRICTED SUPPORT AND
RECLASSIFICATION 61,641

Expenses

Program Expenses 56,606

Total Expenses 56,606

Change in Unrestricted Net Assets 5,035

TEMPORARILY RESTRICTED NET ASSETS

Grants

Federal 47,100

TOTAL TEMPORARILY RESTRICTED SUPPORT 47,100

Net Assets Released from Restrictions:

Restrictions Satisfied by Payments (47,100)

Change in Temporarily Restricted Net Assets -

Change in Net Assets 5,035

Net Assets as of Beginning of Year (6,784)

Net Assets as of End of Year \$ (1,749)

See Accountant's Compilation Report.

Statement of Cash Flows
For the Year Ended
December 31, 2017

Operating Activities	<u>All Funds</u>
Change in Net Assets	\$ 5,035
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Increase in Grants Receivable	(1,968)
Decrease in Payroll Liabilities	(4,359)
Increase in Accrued Liabilities	921
Total Adjustments	<u>(5,406)</u>
Net Cash Used by Operating Activities	<u>(371)</u>
 Financing Activities	
Principal Payments on Line Of Credit	<u>(419)</u>
Net Cash Used by Financing Activities	<u>(419)</u>
 Net Decrease in Cash	 (790)
 Cash as of Beginning of Year	 <u>1,120</u>
 Cash as of the End of the Year	 <u>\$ 330</u>
 Supplemental Data:	
Interest Expense	<u>\$ 9</u>

See Accountant's Compilation Report.

Statement of Functional Expenses
For the Year Ended
December 31, 2017

Program Expense**Personnel Costs**

Salaries and Wages	\$ 30,993
Fringe and Related Benefits	<u>2,923</u>
Total Personnel Costs	33,916

Other Expenses

Dues and Subscriptions	541
Insurance Expense	359
Interest Expense	9
Office Supplies	446
Postage	167
Printing and Reproduction	174
Professional Fees	7,853
Program Expense	4,540
Rent	5,500
Telephone	1,834
Travel	100
Utilities	<u>1,167</u>
Total Other Expenses	<u>22,690</u>

Total Expenses	<u><u>\$ 56,606</u></u>
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See Accountant's Compilation Report.

SUPPLEMENTAL INFORMATION

Budget-to-Actual
For the Year Ended
December 31, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenue			
Federal Grant	\$ 104,318	\$ 47,100	\$ 57,218
Cash Match	3,068	-	3,068
In-Kind Match	16,107	-	16,107
	<u>123,493</u>	<u>47,100</u>	<u>76,393</u>
Program Expenses			
Personnel	85,900	30,175	55,725
Consultant	6,055	6,055	-
Equipment	3,198	-	3,198
Supplies and Operating Expense	27,306	10,870	16,436
Travel	1,034	-	1,034
	<u>123,493</u>	<u>47,100</u>	<u>76,393</u>
Budget Excess (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accountant's Compilation Report.

Summary Schedule of Findings and Responses
December 31, 2017

2017-1 Bank Reconciliations Not Completed Timely

Criteria: Bank reconciliations should be performed on a monthly basis. Bank reconciliations should be reviewed and approved by management, and any unusual reconciling items should be properly investigated.

Cause: Bank reconciliations were not completed on a timely basis

Condition: Bank reconciliations were not completed on a timely basis.

Effect: Failure to conduct timely reconciliations can result in inaccurate general ledger cash balance amounts not being detected can contribute to erroneous cash flow and budgetary information being provided to the management, thereby hampering their financial decision-making process. In addition, bank errors, however rare, may go undetected if bank reconciliations are not performed on a timely basis.

Recommendation: Bank reconciliations should be performed on a monthly basis. Bank reconciliations should be reviewed and approved by management, and any unusual reconciling items should be properly investigated.

Management's response and Planned corrective action:

We concur with the accountant's recommendation and will perform bank reconciliations on a monthly and timely basis. Bank reconciliations will be reviewed and approved by management, and any unusual reconciling items will be properly investigated.

Summary Schedule of Findings and Responses
December 31, 2016

FINDING 2016-1: Payroll Taxes Not Paid Timely

Criteria: Federal and state laws require the timely filing and payment of payroll taxes.

Cause: Federal and state payroll taxes are not paid timely.

Condition: Federal and state payroll taxes are not paid timely.

Effect: The Organization is incurring penalties and interest by failing to pay federal and state payroll taxes in a timely manner.

Recommendation: To eliminate penalties and interest costs for untimely payment of federal and state payroll taxes, the Organization should comply with the federal and state requirements for payment of payroll taxes.

Any penalties and interest incurred for untimely payment of payroll taxes should be charged to and paid by the General Fund.

Management's response and Planned corrective action

Northeast New Start Outreach, Inc. is a brand new 501C Organization, composed of minimal staff and administrators, due to an extremely tight budget. Northeast New Start Outreach, Inc. was unable to efficiently calculate payroll taxes, because they did not have the appropriate financial training nor financial software at the onset of the grant to perform this task. To prevent any reoccurrences, Northeast New Start Outreach, Inc. plans to hire a professional accountant to conduct this job function so that it may be conducted without errors and in a timely fashion.

STATUS: CLEARED

Schedule of Compensated Key Employees
December 31, 2017

Job Title	<u>Rochelle Kelley</u> Project Director	<u>Eumeka Hoard Gipson</u> Financial Officer
Salary	15,497	15,497
401K	-	-
Benefits-Insurance	-	-
Benefits-Retirement	-	-
Other Benefits	-	-
Car Allowance	-	-
Vehicle provided by Government	-	-
Per Diem	-	-
Reimbursements	-	-
Travel	-	-
Registration Fees	-	-
Conference Travel	-	-
Continuing Professional Education Fees	-	-
Housing	-	-
Unvouchered Expenses	-	-
Special Meals	-	-
Total Compensation	<u>\$ 15,497</u>	<u>\$ 15,497</u>

Schedule of Board Members
December 31, 2017

Board Members

Freeman Addison
(President / Chairman)

Bridget Mikel
(Vice-President)

Yolanda Wilson
(Secretary / Treasurer)