

R E P O R T

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY

DECEMBER 31, 2017

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY

DECEMBER 31, 2017

INDEX

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3
FINANCIAL STATEMENTS:	
Statement of Financial Position	4
Statement of Activities.....	5
Statement of Functional Expenses.....	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 12
SUPPLEMENTARY INFORMATION:	
Schedule of Compensation, Benefits, and Other Payments to the Executive Director	13
Consolidating Statement of Financial Position	14
Consolidating Statement of Activities.....	15
Combining Statement of Financial Position	16
Combining Statement of Activities	17
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 <i>GOVERNMENT AUDITING STANDARDS</i>	18 - 19
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY <i>THE UNIFORM GUIDANCE</i>	20 - 21
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	22
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	23
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	24
SCHEDULE OF PRIOR AUDIT FINDINGS	25



Duplantier Hrapmann Hogan & Maher, LLP

INDEPENDENT AUDITOR'S REPORT

William G. Stamm, CPA
Lindsay J. Calub, CPA, LLC
Guy L. Duplantier, CPA
Michelle H. Cunningham, CPA
Dennis W. Dillon, CPA
Grady C. Lloyd, III CPA

Heather M. Jovanovich, CPA
Terri L. Kitto, CPA

Michael J. O'Rourke, CPA
David A. Burgard, CPA
Clifford J. Giffin, Jr., CPA

A.J. Duplantier, Jr., CPA
(1919-1985)

Felix J. Hrapmann, Jr., CPA
(1919-1990)

William R. Hogan, Jr., CPA
(1920-1996)

James Maher, Jr., CPA
(1921-1999)

New Orleans
1615 Poydras Street,
Suite 2100
New Orleans, LA 70112
Phone: (504) 586-8866
Fax: (504) 525-5888

Northshore
1290 Seventh Street
Slidell, LA 70458
Phone: (985) 641-1272
Fax: (985) 781-6497

Houma
247 Corporate Drive
Houma, LA 70360
Phone: (985) 868-2630
Fax: (985) 872-3833

Napoleonville
5047 Highway 1
P.O. Box 830
Napoleonville, LA 70390
Phone: (985) 369-6003
Fax: (985) 369-9941

June 28, 2018

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

Report on Financial Statements

We have audited the accompanying financial statements of the Mirabeau Family Learning Center, Inc. (a nonprofit organization) and its consolidated subsidiary, which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

www.dhhmcpa.com

Members
American Institute of
Certified Public Accountants
Society of LA CPAs

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

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

Opinion

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 13 - 17 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is also presented for purposes of additional analysis and is also not a required part of the financial statements. The supplementary information on pages 13 - 17 and the Schedule of Expenditures of Federal Awards on page 22 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information on pages 13 - 17 and the Schedule of Expenditures of Federal Awards on page 22 are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2018, on our consideration of the Mirabeau Family Learning Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Mirabeau Family Learning Center, Inc.'s internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 46,358
Accounts receivable:	
Filmore Parc Apartments II	879
Smith Square Development, ALPIC	19,888
St. Joe Estates I and II	231,015
Other	150
Total current assets	298,290

OTHER ASSETS:

Loans receivable:	
Filmore Parc Apartments II	1,575,000
MFLC Partners, ALPIC	2,200,000
Interest receivable:	
Filmore Parc Apartments II	761,289
MFLC Partners, ALPIC	1,067,332
Investment in Filmore Parc Apartments II	167,689
Investment in MFLC Partners, ALPIC	124,641
Total other assets	5,895,951

TOTAL ASSETS	\$ 6,194,241
--------------	--------------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable and accrued expenses	\$ 218,383
Due to MFLC Partners, ALPIC	1,722
Due to Filmore Parc Apartments II	697
Total current liabilities	220,802

OTHER LIABILITIES:

Investment in St. Joe Estates I and II	12,180
Total other liabilities	12,180
Total liabilities	232,982

NET ASSETS:

Unrestricted	5,961,259
--------------	-----------

TOTAL LIABILITIES AND NET ASSETS	\$ 6,194,241
----------------------------------	--------------

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

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

UNRESTRICTED NET ASSETS:

REVENUE:

Donations	\$ 2,240
Grant revenue	851,031
Income from programs	18,000
Interest income	245,406
Total revenue	1,116,677

EXPENSES:

Program services	885,558
Administrative and general	11,688
Total expenses	897,246

INCREASE IN UNRESTRICTED NET ASSETS 219,431

Net assets at beginning of year 5,741,828

NET ASSETS AT END OF YEAR \$ 5,961,259

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

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Program Services</u>	<u>Administrative and General</u>	<u>Total</u>
EXPENSES:			
Accounting	\$ 3,285	\$ 283	\$ 3,568
Contract labor	4,495	499	4,994
Donations	-	890	890
Housing assistance expense	750,989	-	750,989
Interest	-	1,243	1,243
Insurance	1,306	112	1,418
Licenses and fees	980	-	980
Loss from investments in partnerships	12,249	-	12,249
Miscellaneous	606	53	659
Payroll taxes and benefits	5,389	464	5,853
Postage	239	-	239
Professional services	5,164	-	5,164
Rent	7,182	618	7,800
Repairs and maintenance	215	-	215
Salaries	73,868	6,246	80,114
Supplies	14,867	1,280	16,147
Telephone and utilities	2,748	-	2,748
Travel	1,976	-	1,976
	<u>1,976</u>	<u>-</u>	<u>1,976</u>
 TOTAL EXPENSES	 <u>\$ 885,558</u>	 <u>\$ 11,688</u>	 <u>\$ 897,246</u>

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

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	\$ 219,431
Adjustments to reconcile increase in net assets to net cash used by operating activities:	
Net loss from investments in partnerships	12,249
(Increase) decrease in operating assets:	
Accounts receivable - MFLC Partners, ALPIC	2,609
Accounts receivable - St. Joe Estates I and II	3,171
Accounts receivable - other	77
Interest receivable	(245,406)
Increase (decrease) in operating liabilities:	
Accounts payable and accrued liabilities	4,365
Net cash used by operating activities	<u>(3,504)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from line of credit	60,019
Payments on line of credit	<u>(95,774)</u>
Net cash used by financing activities	<u>(35,755)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(39,259)
Cash and cash equivalents - beginning of year	<u>85,617</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 46,358</u>
SUPPLEMENTARY CASH FLOW INFORMATION:	
Cash was paid for the following:	
Interest	<u>\$ 1,243</u>
Income taxes	<u>\$ -</u>

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

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NATURE OF OPERATIONS:

The Mirabeau Family Learning Center, Inc. (the Center) is a neighborhood-based nonprofit organization committed to strengthening personal, family, and neighborhood self-reliance by providing education, training, affordable housing, and support services to residents of New Orleans, Louisiana. The primary sources of revenue are federal grant income and fees related to its affordable housing services.

The Center's subsidiary, MFLC Development, L.L.C., is a limited liability company formed to provide affordable housing development. Its primary source of revenue was development fee income in past years, but no projects were developed in 2017.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Mirabeau Family Learning Center, Inc. and its consolidated subsidiary conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to nonprofit organizations. The following is a summary of significant policies:

Principles of Consolidation

The consolidated financial statements include the accounts of the Mirabeau Family Learning Center, Inc. and its wholly-owned subsidiary, MFLC Development, L.L.C. All material inter-organization transactions have been eliminated.

Basis of Presentation

The statement of activities presents expenses functionally between program services, fundraising, and administrative. Those expenses which cannot be functionally categorized are allocated between functions based upon management's estimate of usage applicable to conducting those functions.

The Center is required to report information regarding its financial position according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Basis of Accounting

The financial statements are prepared under the accrual method of accounting in accordance with GAAP. Revenues are recognized in the period in which they become due. Expenses are recognized in the period in which the related liability is incurred.

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Statements of Cash Flows

For purposes of the statement of cash flows, the Center considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

Donated Services

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

Investments in Partnerships

The Center's investments in various partnerships are accounted for on the equity method of accounting (cost, adjusted for the income or loss of the partnership).

2. RELATED PARTY TRANSACTIONS:

The Center and its consolidated subsidiary engaged in transactions during 2017 with the following related parties:

MFLC Partners, ALPIC

The Center is the managing general partner with an ownership percentage of .01% in MFLC Partners, ALPIC. At December 31, 2017, the Center had an investment in MFLC Partners, ALPIC, of \$124,641. In 2017, the Center incurred a loss of \$62 from its investment in MFLC Partners, ALPIC.

During 2017, the Center provided \$472,081 of housing assistance to tenants residing in the apartment complex owned by MFLC Partners, ALPIC.

The Center has entered into an agreement with MFLC Partners, ALPIC, to provide supplemental, social, and educational experiences for the children of the apartment complex through an after-school enrichment program. In consideration of the program, the Center received \$9,600 during 2017 from MFLC Partners, ALPIC.

In 2009, the Center executed an Act of Mortgage and a promissory note with MFLC Partners, ALPIC, in the amount of \$2,200,000. The loan bears interest at 4.58%, compounded annually, and is due in annual installments of principal and interest if there is sufficient cash flow as defined in the Amended and Restated Agreement of Limited Partnership of MFLC Partners, ALPIC.

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

2. RELATED PARTY TRANSACTIONS: (Continued)

MFLC Partners, ALPIC (Continued)

Payments contingent on cash flow are made by MFLC Partners, ALPIC, in the following order of priority:

- 1) to its limited partner, an amount equal to the Credit Deficiency
- 2) to its limited partner, an amount sufficient to pay federal income taxes on taxable income allocated to the limited partner
- 3) payment of the investor services fee
- 4) funding of the Operating Reserve
- 5) to the general partner, to repay an operating deficit contribution
- 6) to pay the loan to the Center

In no event will the outstanding principal and interest balances be due later than December 15, 2044. At December 31, 2017, the outstanding principal balance on the loan was \$2,200,000 and the outstanding interest balance was \$1,067,332. The Center obtained the funds that it loaned to MFLC Partners, ALPIC, from a federal grant passed through the City of New Orleans. The Center has assigned its rights and interests in the Act of Mortgage to the City of New Orleans.

At December 31, 2017, \$1,722 was due to MFLC Partners, ALPIC, for various items.

Filmore Parc Apartments II

The Center is a general partner with an ownership percentage of .01% in Filmore Parc Apartments II. At December 31, 2017, the Center's investment in Filmore Parc Apartments II was \$167,689. In 2017, the Center incurred a loss of \$36 from its investment in Filmore Parc Apartments II.

The Center has an agreement with Filmore Parc Apartments II to provide supplemental social and educational experiences for the children of the apartment complex through an after-school enrichment program. In consideration of the program, the Center received \$6,400 during 2017 from Filmore Parc Apartments II.

During 2017, the Center provided \$278,908 of housing assistance to tenants residing in the apartment complex owned by Filmore Parc Apartments II.

In 2009, the Center executed an Act of Mortgage and a promissory note with Filmore Parc Apartments II in the amount of \$1,575,000. The loan bears interest at 4.58%, compounded annually, and is due in annual installments of principal and interest if there is sufficient cash flow as defined in the Amended and Restated Agreement of Limited Partnership of Filmore Parc Apartments II. Payments contingent on cash flows are made by Filmore Parc Apartments II in the

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

2. RELATED PARTY TRANSACTIONS: (Continued)

Filmore Parc Apartments II (Continued)

same order of priority as described for the loan to MFLC Partners, ALPIC, in the previous section. In no event will the outstanding principal and interest balances be due later than December 15, 2044. At December 31, 2017, the outstanding principal balance on the loan was \$1,575,000 and the outstanding interest balance was \$761,289. The Center obtained the funds that it loaned to Filmore Parc Apartments II from a federal grant passed through the City of New Orleans. The Center has assigned its rights and interests in the Act of Mortgage to the City of New Orleans.

At December 31, 2017, \$182 was due from Filmore Parc Apartments II for various items.

Smith Square Development, ALPIC

The Center is the managing general partner with a .001% ownership interest in Smith Square Development, ALPIC. At December 31, 2017, the Center's investment in Smith Square Development, ALPIC, was \$0. The Center incurred no income or loss during 2017 from its investment in Smith Square Development, ALPIC.

At December 31, 2017, \$19,888 was due to the Center from Smith Square Development, ALPIC, for management fees incurred in prior years.

St. Joe Estates I and II

MFLC Development, L.L.C. (the Center's wholly-owned subsidiary) is a limited partner with a .001% ownership interest in both St. Joe Estates I and II. At December 31, 2017, MFLC Development, L.L.C.'s investment in St. Joe Estates I and II was \$(12,180). MFLC Development, L.L.C. incurred a loss of \$12,151 during 2017 from its investment in St. Joe Estates I and II.

MFLC Development, L.L.C. was the developer for the St. Joe Estates I and II affordable housing projects. At December 31, 2017, St. Joe Estates I and II owed \$227,564 to MFLC Development, L.L.C. for development fees earned prior to 2012.

At December 31, 2017, \$3,451 was due to the Center from St. Joe Estates I and II for reimbursement of various expenses incurred in prior years.

3. LINE OF CREDIT:

The Center has a \$225,000 line of credit with Whitney National Bank. The line of credit is due on August 3, 2018, and bears interest at a variable rate, which was 4.25% at December 31, 2017. The line of credit is secured by the personal guarantee of the executive director of the Center. At December 31, 2017, there was no balance due on the line of credit.

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

4. USE OF ESTIMATES:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5. INCOME TAXES:

The Mirabeau Family Learning Center, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. MFLC Development, L.L.C. was formed as a Limited Liability Corporation. Since it is wholly owned by the Center and furthers the Center's exempt purpose, the net income of MFLC Development, L.L.C. is included in the Center's exempt income tax return and is also exempt from federal income tax.

Accounting Standards Codification 740 (ASC 740) provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statement. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. As of December 31, 2017, the Center believes that they have no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years ended December 31, 2014 and later remain subject to examination by the taxing authorities.

6. CONCENTRATIONS:

During the year ended December 31, 2017, the Center's main source of revenue was government grants. A significant reduction in the level of this support may have an effect on the Center's programs and activities.

7. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through June 28, 2018, which is the date on which the financial statements were available to be issued. There were no significant subsequent events found as a result of the evaluation.

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO THE EXECUTIVE DIRECTOR
DECEMBER 31, 2017

Agency head name: Michael R. Vales, Executive Director

Purpose	Amount
Salary	\$55,516
Benefits – Compensated Absences	7,580
Cellular Phone	1,200
Total	\$64,296

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

	Mirabeau Family Learning Center, Inc.	MFLC Development, L.L.C.	Inter-company Eliminations	Total
CURRENT ASSETS:				
Cash and cash equivalents	\$ 44,425	\$ 1,933	\$ -	\$ 46,358
Accounts receivable:				
Filmore Parc Apartments II	879	-	-	879
MFLC Development, L.L.C.	144,126	-	(144,126)	-
Smith Square Development, ALPIC	19,888	-	-	19,888
St. Joe Estates I and II	3,451	227,564	-	231,015
Other	150	-	-	150
Total current assets	<u>212,919</u>	<u>229,497</u>	<u>(144,126)</u>	<u>298,290</u>
OTHER ASSETS:				
Loans receivable:				
Filmore Parc Apartments II	1,575,000	-	-	1,575,000
MFLC Partners, ALPIC	2,200,000	-	-	2,200,000
Interest receivable:				
Filmore Parc Apartments II	761,289	-	-	761,289
MFLC Partners, ALPIC	1,067,332	-	-	1,067,332
Investment in Filmore Parc Apartments II	167,689	-	-	167,689
Investment in MFLC Partners, ALPIC	124,641	-	-	124,641
Total other assets	<u>5,895,951</u>	<u>-</u>	<u>-</u>	<u>5,895,951</u>
TOTAL ASSETS	<u>\$ 6,108,870</u>	<u>\$ 229,497</u>	<u>\$ (144,126)</u>	<u>\$ 6,194,241</u>
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	\$ 218,383	\$ -	\$ -	\$ 218,383
Due to MFLC Partners, ALPIC	1,722			1,722
Due to Filmore Parc Apartments II	697			697
Due to Mirabeau Family Learning Center, Inc.	-	144,126	(144,126)	-
Total current liabilities	<u>220,802</u>	<u>144,126</u>	<u>(144,126)</u>	<u>220,802</u>
OTHER LIABILITIES:				
Investments:				
St. Joe Estates I and II	-	12,180	-	12,180
MFLC Development, L.L.C.	4,859	-	(4,859)	-
Total other liabilities	<u>4,859</u>	<u>12,180</u>	<u>(4,859)</u>	<u>12,180</u>
TOTAL LIABILITIES	<u>225,661</u>	<u>156,306</u>	<u>(148,985)</u>	<u>232,982</u>
NET ASSETS:				
Unrestricted	<u>5,883,209</u>	<u>73,191</u>	<u>4,859</u>	<u>5,961,259</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,108,870</u>	<u>\$ 229,497</u>	<u>\$ (144,126)</u>	<u>\$ 6,194,241</u>

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Mirabeau Family Learning Center, Inc.	MFLC Development, L.L.C.	Inter-company Eliminations	Total
UNRESTRICTED NET ASSETS:				
REVENUE:				
Donations	\$ 2,240	\$ -	\$ -	\$ 2,240
Grant revenue	851,031	-	-	851,031
Income from programs	18,000	-	-	18,000
Interest income	245,406	-	-	245,406
Total revenue	<u>1,116,677</u>	<u>-</u>	<u>-</u>	<u>1,116,677</u>
EXPENSES:				
Accounting	3,568	-	-	3,568
Contract labor	4,994	-	-	4,994
Donations	890	-	-	890
Housing assistance expense	750,989	-	-	750,989
Interest	1,243	-	-	1,243
Insurance	1,418	-	-	1,418
Licenses and fees	980	-	-	980
Loss from investments in partnerships	98	12,151	-	12,249
Miscellaneous	659	-	-	659
Payroll taxes and benefits	5,853	-	-	5,853
Postage	239	-	-	239
Professional services	4,028	1,136	-	5,164
Rent	7,800	-	-	7,800
Repairs and maintenance	215	-	-	215
Salaries	80,114	-	-	80,114
Supplies	16,147	-	-	16,147
Telephone and utilities	2,748	-	-	2,748
Travel	1,874	102	-	1,976
Total expenses	<u>883,857</u>	<u>13,389</u>	<u>-</u>	<u>897,246</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	232,820	(13,389)	-	219,431
Net assets at beginning of year	<u>5,650,389</u>	<u>86,580</u>	<u>4,859</u>	<u>5,741,828</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,883,209</u>	<u>\$ 73,191</u>	<u>\$ 4,859</u>	<u>\$ 5,961,259</u>

MIRABEAU FAMILY LEARNING CENTER, INC.
SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

	General Fund	Learning Center Fund	Real Estate Fund	Inter-fund Eliminations	Total Mirabeau Learning Center, Inc.
CURRENT ASSETS:					
Cash and cash equivalents	\$ 31,598	\$ 12,827	\$ -	\$ -	\$ 44,425
Accounts receivable:					
Filmore Parc Apartments II	-	-	879	-	879
MFLC Development, L.L.C.	152,768	-	-	(8,642)	144,126
Smith Square Development, ALPIC	-	-	19,888	-	19,888
St. Joe Estates I and II	3,451	-	-	-	3,451
Other	150	-	-	-	150
Due from other funds	86,477	9,892	1,157,473	(1,253,842)	-
Total current assets	<u>274,444</u>	<u>22,719</u>	<u>1,178,240</u>	<u>(1,262,484)</u>	<u>212,919</u>
OTHER ASSETS:					
Loans receivable:					
Filmore Parc Apartments II	-	-	1,575,000	-	1,575,000
MFLC Partners, ALPIC	-	-	2,200,000	-	2,200,000
Interest receivable:					
Filmore Parc Apartments II	-	-	761,289	-	761,289
MFLC Partners, ALPIC	-	-	1,067,332	-	1,067,332
Investment in Filmore Parc Apartments II	-	-	167,689	-	167,689
Investment in MFLC Partners, ALPIC	-	-	124,641	-	124,641
Total other assets	<u>-</u>	<u>-</u>	<u>5,895,951</u>	<u>-</u>	<u>5,895,951</u>
TOTAL ASSETS	<u>\$ 274,444</u>	<u>\$ 22,719</u>	<u>\$7,074,191</u>	<u>\$ (1,262,484)</u>	<u>\$ 6,108,870</u>
CURRENT LIABILITIES:					
Accounts payable and accrued expenses	\$ 218,383	\$ -	\$ -	\$ -	\$ 218,383
Due to MFLC Partners, ALPIC	1,722	-	-	-	1,722
Due to Filmore Parc Apartments II	697	-	-	-	697
Due to MFLC Development, L.L.C.	-	-	8,642	(8,642)	-
Due to other funds	1,167,365	86,477	-	(1,253,842)	-
Total current liabilities	<u>1,388,167</u>	<u>86,477</u>	<u>8,642</u>	<u>(1,262,484)</u>	<u>220,802</u>
OTHER LIABILITIES:					
Investments:					
MFLC Development, L.L.C.	-	-	4,859	-	4,859
Total other liabilities	<u>-</u>	<u>-</u>	<u>4,859</u>	<u>-</u>	<u>4,859</u>
TOTAL LIABILITIES	<u>1,388,167</u>	<u>86,477</u>	<u>13,501</u>	<u>(1,262,484)</u>	<u>225,661</u>
NET ASSETS (DEFICIT):					
Unrestricted	<u>(1,113,723)</u>	<u>(63,758)</u>	<u>7,060,690</u>	<u>-</u>	<u>5,883,209</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 274,444</u>	<u>\$ 22,719</u>	<u>\$7,074,191</u>	<u>\$ (1,262,484)</u>	<u>\$ 6,108,870</u>

MIRABEAU FAMILY LEARNING CENTER, INC.
SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	General Fund	Learning Center Fund	Real Estate Fund	Total Mirabeau Learning Center, Inc.
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
UNRESTRICTED NET ASSETS:				
REVENUE:				
Donations	\$ 890	\$ 1,350	\$ -	\$ 2,240
Grant revenue	-	-	851,031	851,031
Income from programs	-	18,000	-	18,000
Interest income	-	-	245,406	245,406
Total revenue	<u>890</u>	<u>19,350</u>	<u>1,096,437</u>	<u>1,116,677</u>
EXPENSES:				
Accounting	3,568	-	-	3,568
Contract labor	4,854	140	-	4,994
Donations	890	-	-	890
Housing assistance expense	-	-	750,989	750,989
Interest	1,243	-	-	1,243
Insurance	1,418	-	-	1,418
Licenses and fees	-	980	-	980
Loss from investments in partnerships	-	-	98	98
Miscellaneous	347	312	-	659
Payroll taxes and benefits	4,503	1,350	-	5,853
Postage	239	-	-	239
Professional services	4,028	-	-	4,028
Rent	7,800	-	-	7,800
Repairs and maintenance	215	-	-	215
Salaries	62,464	17,650	-	80,114
Supplies	2,107	14,040	-	16,147
Telephone and utilities	2,748	-	-	2,748
Travel	1,874	-	-	1,874
Total expenses	<u>98,298</u>	<u>34,472</u>	<u>751,087</u>	<u>883,857</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(97,408)	(15,122)	345,350	232,820
Net assets (deficit) at beginning of year	<u>(1,016,315)</u>	<u>(48,636)</u>	<u>6,715,340</u>	<u>5,650,389</u>
NET ASSETS (DEFICIT) AT END OF YEAR	<u>\$ (1,113,723)</u>	<u>\$ (63,758)</u>	<u>\$ 7,060,690</u>	<u>\$ 5,883,209</u>



Duplantier
Hrapmann
Hogan &
Maher, LLP

William G. Stamm, CPA
Lindsay J. Calub, CPA, LLC
Guy L. Duplantier, CPA
Michelle H. Cunningham, CPA
Dennis W. Dillon, CPA
Grady C. Lloyd, III CPA

Heather M. Jovanovich, CPA
Terri L. Kitto, CPA

Michael J. O'Rourke, CPA
David A. Burgard, CPA
Clifford J. Giffin, Jr., CPA

A.J. Duplantier, Jr., CPA
(1919-1985)
Felix J. Hrapmann, Jr., CPA
(1919-1990)
William R. Hogan, Jr., CPA
(1920-1996)
James Maher, Jr., CPA
(1921-1999)

New Orleans

1615 Poydras Street,
Suite 2100
New Orleans, LA 70112
Phone: (504) 586-8866
Fax: (504) 525-5888

Northshore

1290 Seventh Street
Slidell, LA 70458
Phone: (985) 641-1272
Fax: (985) 781-6497

Houma

247 Corporate Drive
Houma, LA 70360
Phone: (985) 868-2630
Fax: (985) 872-3833

Napoleonville

5047 Highway 1
P.O. Box 830
Napoleonville, LA 70390
Phone: (985) 369-6003
Fax: (985) 369-9941

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

June 28, 2018

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Mirabeau Family Learning Center, Inc. (the Center) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

www.dhhmcpa.com

Members
American Institute of
Certified Public Accountants
Society of LA CPAs

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana



Duplantier
Hrapmann
Hogan &
Maher, LLP

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

June 28, 2018

William G. Stamm, CPA
Lindsay J. Calub, CPA, LLC
Guy L. Duplantier, CPA
Michelle H. Cunningham, CPA
Dennis W. Dillon, CPA
Grady C. Lloyd, III CPA

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

Heather M. Jovanovich, CPA
Terri L. Kitto, CPA

Report on Compliance for Each Major Federal Program

We have audited the Mirabeau Family Learning Center, Inc.'s (the Center) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended December 31, 2017. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Michael J. O'Rourke, CPA
David A. Burgard, CPA
Clifford J. Giffin, Jr., CPA

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.

A.J. Duplantier, Jr., CPA
(1919-1985)
Felix J. Hrapmann, Jr., CPA
(1919-1990)
William R. Hogan, Jr., CPA
(1920-1996)
James Maher, Jr., CPA
(1921-1999)

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and *The Uniform Guidance* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

New Orleans
1615 Poydras Street,
Suite 2100
New Orleans, LA 70112
Phone: (504) 586-8866
Fax: (504) 525-5888

Northshore
1290 Seventh Street
Slidell, LA 70458
Phone: (985) 641-1272
Fax: (985) 781-6497

Houma
247 Corporate Drive
Houma, LA 70360
Phone: (985) 868-2630
Fax: (985) 872-3833

Napoleonville
5047 Highway 1
P.O. Box 830
Napoleonville, LA 70390
Phone: (985) 369-6003
Fax: (985) 369-9941

www.dhhmcpa.com

Members
American Institute of
Certified Public Accountants
Society of LA CPAs

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

Opinion on Each Major Federal Program

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *The Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *The Uniform Guidance*. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

MIRABEAU FAMILY LEARNING CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Federal CFDA Number</u>	<u>Grant No.</u>	<u>Program Title</u>	<u>Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through the City of New Orleans:			
14.182	None	Section 8 - New Construction and Substantial Rehabilitation	<u>\$ 851,031</u>

MIRABEAU FAMILY LEARNING CENTER, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Schedule of Expenditures of Federal Awards of Mirabeau Family Learning Center, Inc. has been prepared in conformity with accounting principles generally accepted in the United States of America. Expenditures are recognized when incurred.

2. DETERMINATION OF TYPES A AND B PROGRAMS:

Federal awards programs are classified as either Type A or Type B programs. For the year ended December 31, 2017, Type A programs consist of the federal programs that expended over \$750,000 and Type B programs are the programs that expended under \$750,000.

3. INDIRECT COST RATE:

Mirabeau Family Learning Center, Inc. has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

MIRABEAU FAMILY LEARNING CENTER, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

SUMMARY OF AUDITOR'S RESULTS:

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- * Material weakness(es) identified? ___ yes X no
- * Control deficiencies identified that are not considered to be material weaknesses? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards:

Internal control over major programs:

- * Material weakness(es) identified? ___ yes X no
- * Control deficiencies identified that are not considered to be material weaknesses? ___ yes X none reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133: ___ yes X no

Identification of major program:

<u>Name of Program</u>	<u>CFDA No.</u>	<u>Expenditures</u>
Section 8 - New Construction and Substantial Rehabilitation	14.182	\$ <u>851,031</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes ___ no

FINDINGS REQUIRED TO BE REPORTED UNDER GOVERNMENTAL AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA:

NONE

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

NONE

MIRABEAU FAMILY LEARNING CENTER, INC.
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017

PRIOR AUDIT FINDINGS:

NONE

MIRABEAU FAMILY LEARNING CENTER, INC.
INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES

DECEMBER 31, 2017



Duplantier Hrapmann Hogan & Maher, LLP

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES

June 28, 2018

William G. Stamm, CPA
Lindsay J. Calub, CPA, LLC
Guy L. Duplantier, CPA
Michelle H. Cunningham, CPA
Dennis W. Dillon, CPA
Grady C. Lloyd, III CPA

Heather M. Jovanovich, CPA
Terri L. Kitto, CPA

Michael J. O'Rourke, CPA
David A. Burgard, CPA
Clifford J. Giffin, Jr., CPA

A.J. Duplantier, Jr., CPA
(1919-1985)
Felix J. Hrapmann, Jr., CPA
(1919-1990)
William R. Hogan, Jr., CPA
(1920-1996)
James Maher, Jr., CPA
(1921-1999)

New Orleans
1615 Poydras Street,
Suite 2100
New Orleans, LA 70112
Phone: (504) 586-8866
Fax: (504) 525-5888

Northshore
1290 Seventh Street
Slidell, LA 70458
Phone: (985) 641-1272
Fax: (985) 781-6497

Houma
247 Corporate Drive
Houma, LA 70360
Phone: (985) 868-2630
Fax: (985) 872-3833

Napoleonville
5047 Highway 1
P.O. Box 830
Napoleonville, LA 70390
Phone: (985) 369-6003
Fax: (985) 369-9941

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

We have performed the procedures enumerated below, which were agreed to by the Mirabeau Family Learning Center, Inc. (MFLC) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. MFLC's management is responsible for those C/C areas identified in the SAUPs.

This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

- 1) We obtained MFLC's written policies and procedures and determined whether those written policies and procedures addressed each of the following financial/business functions, as applicable:
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.
 - b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchases; (4) controls to ensure compliance with the public bid law; and 5) documentation required to be maintained for all bids and price quotes.

www.dhhmcpa.com

Members
American Institute of
Certified Public Accountants
Society of LA CPAs

Written Policies and Procedures (Continued)

- c) Disbursements, including processing, reviewing, and approving.
- d) Receipts, including receiving, recording, and preparing deposits.
- e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
- g) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- h) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) Debt service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results:

No findings were noted. MFLC has appropriate written policies and procedures for all applicable sections above.

Board

- 2) We obtained and reviewed the board/committee minutes for the fiscal period, and:
 - a) Determined whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Determined whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - c) Determined whether the minutes referenced or included non-budgetary financial information for at least one meeting during the fiscal period.

Results:

No findings were noted.

Bank Reconciliations

- 3) We obtained a listing of MFLC's bank accounts from management and management's representation that the listing is complete.
- 4) Five bank accounts were identified in Step #3. For all accounts identified, we obtained the bank statements and reconciliations for all months in the fiscal period and determined whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations included evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) had reviewed each bank reconciliation; and
 - c) Management had documentation reflecting that it had researched reconciling items that have been outstanding for more than six months as of the end of the fiscal period.

Results:

No findings were noted.

Collections

- 5) We obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing was complete.
- 6) One location was identified in Step #5. For the cash location identified:
 - a) We requested existing written documentation and determined whether each person responsible for collecting cash was (1) bonded and (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account.
 - b) We obtained existing written documentation and determined whether MFLC has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who was not responsible for cash collections.
 - c) We selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, we traced daily collections to the deposit date on the corresponding bank statement and determined whether the deposits were made within one day of collection. If deposits were not made within one day of collection, we determined the number of days from receipt to deposit for each day at each collection location.
 - Using system reports we verified that daily cash collections were completely supported by documentation.

Collections (Continued)

Results:

No findings were noted.

- 7) We obtained existing written documentation and determined whether MFLC has a process specifically defined to determine completeness of all collections for each revenue source by a person who was not responsible for collections.

Results:

No findings were noted.

Disbursements – General (excluding credit card purchases or payments)

- 8) We obtained the general ledger and sorted/filtered MFLC's disbursements. We also obtained management's representation that the general ledger population was complete.
- 9) We randomly selected 25 disbursements and obtained the supporting documentation for each transaction and determined whether the supporting documentation for each transaction demonstrated that:
 - a) Purchases were initiated using a system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Disbursements were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without an approved invoice or a receipt of goods purchased.

Results:

No findings were noted.

- 10) Using entity documentation we determined whether the person responsible for processing payments was prohibited from adding vendors to the entity's purchasing/disbursement system.

Results:

No findings were noted.

- 11) Using entity documentation, we determined whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Results:

No findings were noted.

Disbursements – General (excluding credit card purchases or payments) (Continued)

- 12) We inquired of management and observed whether the supply of unused checks was maintained in a locked location, with access restricted to those persons that do not have signatory authority, and noted any exceptions.

Results:

MFLC does not have pre-printed checks.

- 13) We inquired of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed.

Results:

No findings were noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

- 14) We obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards and management's representation that the listing is complete.
- 15) Two credit cards were identified in Step #14. We selected one credit card and obtained the monthly statement with the largest dollar activity and determined whether:
- a) There was evidence that the monthly statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.
 - b) Whether finance charges and/or late fees were assessed.

Results:

No findings were noted.

- 16) Using the monthly statements or combined statements selected under Step #15 above, we obtained supporting documentation for all transactions for the card selected.
- a) For each transaction, we determined that the transaction was supported by:
 - 1. An original itemized receipt.
 - 2. Documentation of the business/public purpose.
 - 3. Other documentation that may be required by written policy.
 - b) For each transaction, we compared the transaction's detail to the entity's written purchasing/disbursement policies and the Louisiana Public Bid and noted any exceptions.

Credit Cards/Debit Cards/Fuel Cards/P-Cards (Continued)

- c) For each transaction, we compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions. When the nature of the transaction precluded or obscured a comparison to the requirements of Article 7, Section 14, the practitioner reported the transaction as an exception.

Results:

No findings were noted.

Travel and Expense Reimbursement

- 17) We obtained from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements and management's representation that the listing or general ledger is complete.
- 18) We obtained the entity's written policies related to travel and expense reimbursements and compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Results:

No findings were noted.

- 19) We identified one employee with travel and expense reimbursements during 2017. We obtained the expense reimbursement reports or prepaid expense documentation of the employee identified in Step #17 above, including the supporting documentation, and chose the largest travel expense to review in detail. For the travel expenses selected:
 - a) We compared expense documentation to written policies and determined whether each expense was reimbursed or prepaid in accordance with written policy.
 - b) We determined whether each expense was supported by:
 - 1) An original itemized receipt that identified precisely what was purchased.
 - 2) Documentation of the business/public purpose.
 - 3) Other documentation as may be required by written policy.

Travel and Expense Reimbursement (Continued)

- c) We compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and reported any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). When the nature of the transaction precluded or obscured a comparison to the requirements of Article 7, Section 14, the practitioner reported the transaction as an exception.
- d) We determined whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results:

No findings were noted.

Contracts

- 20) We obtained a listing of all contracts in effect during the fiscal period. We also obtained the general ledger and sorted/filtered for contract payments, and obtained management's representation that general ledger was complete.
- 21) We identified two contracts in effect during 2017. We obtained the related contracts and paid invoices and:
 - a) Determined whether there was a formal/written contract that supported the services arrangement and the amount paid.
 - b) Compared the contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether the contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - 1) If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - 2) If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
 - c) We determined whether the contract was amended. If so, we determined the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
 - d) We selected all payments for this contract and obtained the supporting invoice, compared the invoice to the contract terms, and determined whether the invoice and related payment complied with the terms and conditions of the contract.

Contracts

- e) We obtained/reviewed contract documentation and board minutes and determined whether there was documentation of board approval.

Results:

No findings were noted.

Payroll and Personnel

- 22) We obtained a listing of employees with their related salaries, and obtained management's representation that the listing was complete. We obtained personnel files for the three employees identified and:

- a) Reviewed compensation paid to each employee during the fiscal period and determined whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
- b) Reviewed changes made to hourly pay rates/salaries during the fiscal period and determined whether those changes were approved in writing and in accordance with written policy.

Results:

No findings were noted.

- 23) We obtained attendance and leave records for the one employee that earns leave and:

- a) Determined whether the employee documented daily attendance and leave.
- b) Determined whether there was written documentation that supervisors approved, electronically or in writing, the attendance and leave of the employee.
- c) Determined whether there was written documentation that the entity maintained written leave records for this employee that earned leave.

Results:

No findings were noted.

- 24) We obtained from management a list of those employees terminated during the fiscal period and management's representation that the list was complete.

Results:

No employees were terminated during the 2017.

Payroll and Personnel (Continued)

- 25) We obtained supporting documentation relating to payroll taxes and retirement contributions during the fiscal period. We determined whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Results:

No findings were noted.

Ethics

This section is not applicable for non-profit organizations

Debt Service

This section is not applicable for non-profit organizations. MFLC does not have any public debt.

Other

- 26) We inquired of management whether the entity had any misappropriations of public funds or assets.

Results:

No misappropriations were noted.

- 27) We observed and determined whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results:

No findings were noted.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana