

R E P O R T

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY

DECEMBER 31, 2019

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY

DECEMBER 31, 2019

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June 23, 2020

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, 2019, 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.

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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, 2019, 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 as listed in the index to the report 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 and the Schedule of Expenditures of Federal Awards 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 and the Schedule of Expenditures of Federal Awards 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 23, 2020, on our consideration of the Mirabeau Family Learning Center, Inc.'s and its consolidated subsidiary'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 and its consolidated subsidiary's internal control over financial reporting and compliance.

Duplantier, Hupmann, Hogan & Hoher LLP

New Orleans, Louisiana

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 57,197
Due from Filmore Parc Apartments II	7,653
Other receivable	442
Total current assets	<u>65,292</u>

PROPERTY AND EQUIPMENT - NET

1,690

OTHER ASSETS:

Due from related parties:	
Smith Square Development, ALPIC	19,888
St. Joe Estates I and II	231,880
Loans receivable:	
Filmore Parc Apartments II	1,575,000
MFLC Partners, ALPIC	2,200,000
Interest receivable:	
Filmore Parc Apartments II	980,194
MFLC Partners, ALPIC	1,373,473
Investment in Filmore Parc Apartments II	167,624
Investment in MFLC Partners, ALPIC	124,529
Total other assets	<u>6,672,588</u>

TOTAL ASSETS

\$ 6,739,570

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable and accrued expenses	\$ 231,283
Due to Filmore Parc Apartments II	1,636
Total current liabilities	<u>232,919</u>

OTHER LIABILITIES:

Investment in St. Joe Estates I and II	12,180
Total other liabilities	12,180
Total liabilities	<u>245,099</u>

NET ASSETS:

Without donor restrictions	<u>6,494,471</u>
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TOTAL LIABILITIES AND NET ASSETS

\$ 6,739,570

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, 2019

REVENUE:	
Donations	\$ 3,005
Grant revenue	982,695
Income from programs	17,600
Interest income	268,401
Total revenue	<u>1,271,701</u>
EXPENSES:	
Program services	996,421
Administrative and general	11,178
Total expenses	<u>1,007,599</u>
INCREASE IN NET ASSETS	264,102
Net assets at beginning of year	<u>6,230,369</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 6,494,471</u></u>

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, 2019

	Program <u>Services</u>	Administrative and <u>General</u>	<u>Total</u>
EXPENSES:			
Accounting	\$ 1,609	\$ 141	\$ 1,750
Contract labor	6,976	775	7,751
Depreciation	-	338	338
Housing assistance expense	875,674	-	875,674
Interest	-	790	790
Insurance	3,041		3,041
Licenses and fees	1,000	-	1,000
Loss from investments in partnerships	89	-	89
Miscellaneous	1,098	96	1,194
Payroll taxes and benefits	6,044	531	6,575
Professional services	2,248	-	2,248
Rent	7,170	630	7,800
Salaries	83,452	7,172	90,624
Supplies	6,387	561	6,948
Telephone and utilities	1,633	144	1,777
	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENSES	<u>\$ 996,421</u>	<u>\$ 11,178</u>	<u>\$1,007,599</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, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$ 264,102
Adjustments to reconcile increase in net assets to net cash used by operating activities:	
Depreciation	338
Net loss from investments in partnerships	89
(Increase) decrease in operating assets:	
Due from - Filmore Parc Apartments II	(6,774)
Due from - St. Joe Estates I and II	(728)
Accounts receivable - other	450
Interest receivable	(268,400)
Increase (decrease) in operating liabilities:	
Accounts payable and accrued liabilities	3,866
Net cash used by operating activities	<u>(7,057)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property and equipment	<u>(2,028)</u>
Net cash used by investing activities	<u>(2,028)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from line of credit	69,849
Payments on line of credit	<u>(69,849)</u>
Net cash used by financing activities	<u>-</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS	(9,085)
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Cash and cash equivalents - beginning of year	<u>66,282</u>
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CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 57,197</u></u>
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SUPPLEMENTARY CASH FLOW INFORMATION:

Cash was paid for the following:

Interest	<u>\$ 790</u>
Income taxes	<u><u>\$ -</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, 2019

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 is federal grant income related to its affordable housing services.

The Center's subsidiary, MFLC Development, L.L.C., is a limited liability company formed to develop affordable housing. Its primary source of revenue was development fee income in past years; however, no projects were developed in 2019.

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 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.

Basis of Presentation

The Center is required to report information regarding its financial position according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets are reported as reclassifications between the applicable classes of net assets. The Center only had net assets without donor restrictions as of December 31, 2019.

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

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

New Accounting Pronouncement:

As of January 1, 2019, the Center adopted FASB Accounting Standards Update (ASU) 2014-09; *Revenue from Contracts with customers* (“ASC 606”) which creates a single framework for recognizing revenue from contracts with customers that fall within its scope (see Note 2).

The Center also adopted FASB ASU 2018-08, Not-For-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions (see Note 2).

The Center has analyzed the provisions of FASB ASC Topic 606 and FASB ASU 2018-08 and has concluded that no changes are necessary to conform with the new standards. The adoption of ASC 606 and ASU 2018-08 did not result in a change in the prior year presentation; therefore, no cumulative effect adjustment was recorded.

Statement of Cash Flows

For purposes of the statement of cash flows, all highly-liquid investments with an initial maturity of three months or less are considered cash equivalents.

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).

Property and Equipment

Property and equipment are recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful life of the assets, which ranges from 3 to 5 years for computer equipment. Expenditures for repairs and maintenance are charged to operating expenses as incurred. The Center maintains a threshold level of \$1,000 or more for capitalized property and equipment.

Revenue

Revenues from exchange transactions, primarily federal grant income, is recognized as the services are performed. Unconditional donations are recognized as revenue when received. Conditional donations are recognized once the condition has been met. The Center did not have any conditional or donor restricted donations during 2019.

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Donated Services

Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by a donation. No amounts have been reflected in the consolidated financial statements for donated services. The Center generally pays for services requiring specific expertise.

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.

2. REVENUE:

The Center receives substantially all of its revenue from the U.S. Department of Housing and Urban Development (HUD) for services provided, and is considered to be an exchange transaction within the scope of ASC Topic 606, *Revenue from Contracts with Customers*. Section 8 housing assistance income is based on predetermined rates as stipulated within the agreement between HUD and the Center. Revenue is recognized in the month which a contract unit is leased and occupied by an eligible family during the term of the Housing Assistance Payment (HAP) contract. The Center recognized \$982,695 for service fees which are included in the statement of activities as grant revenue.

The Center offers an after school enrichment program to children of low-income families. Revenues from program support is recognized over the term of the program and the period the services are provided. The Center recognized \$17,600 as income from programs during 2019.

3. RELATED PARTY TRANSACTIONS:

The Center and its consolidated subsidiary engaged in transactions during 2019 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, 2019, the Center had an investment in MFLC Partners, ALPIC, of \$124,529. In 2019, the Center incurred a loss of \$54 from its investment in MFLC Partners, ALPIC.

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

3. RELATED PARTY TRANSACTIONS: (Continued)

MFLC Partners, ALPIC (Continued)

During 2019, the Center provided \$575,486 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 \$11,440 during 2019 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.

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, 2019, the outstanding principal balance on the loan was \$2,200,000 and the outstanding interest balance was \$1,373,473. 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.

Management has evaluated collectability of the note and determined no allowance was necessary as of December 31, 2019.

At December 31, 2019, \$6,774 was due from MFLC Partners, ALPIC, for various items.

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

3. RELATED PARTY TRANSACTIONS: (Continued)

Filmore Parc Apartments II

The Center is a general partner with an ownership percentage of .01% in Filmore Parc Apartments II. At December 31, 2019, the Center's investment in Filmore Parc Apartments II was \$167,624. In 2019, the Center incurred a loss of \$35 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 \$6,160 during 2019 from Filmore Parc Apartments II.

During 2019, the Center provided \$300,188 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 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, 2019, the outstanding principal balance on the loan was \$1,575,000 and the outstanding interest balance was \$980,194. 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. Management has evaluated collectability of the note and determined no allowance was necessary as of December 31, 2019.

At December 31, 2019, \$757 was due to 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, 2019, the Center's investment in Smith Square Development, ALPIC, was \$0. The Center incurred no income or loss during 2019 from its investment in Smith Square Development, ALPIC.

At December 31, 2019, \$19,888 was due to the Center from Smith Square Development, ALPIC, for management fees incurred in prior years.

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

3. RELATED PARTY TRANSACTIONS: (Continued)

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, 2019, MFLC Development, L.L.C.'s investment in St. Joe Estates I and II was \$(12,180). MFLC Development, L.L.C. incurred no income or loss during 2019 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, 2019, 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, 2019, \$4,316 was due to the Center from St. Joe Estates I and II for reimbursement of various expenses incurred in prior years.

4. PROPERTY AND EQUIPMENT:

Property and equipment at December 31, 2019 was as follows:

Computer equipment	\$ 2,028
Less accumulated depreciation	<u>(338)</u>
Property and equipment - Net	<u><u>\$ 1,690</u></u>

The Center incurred depreciation expense of \$338 for the year ended December 31, 2019.

5. LINE OF CREDIT:

The Center has a \$225,000 line of credit with Whitney Bank. The line of credit is due on August 3, 2020, and bears interest at a variable rate, which was 5.75% at December 31, 2019. The line of credit is secured by the personal guarantee of the executive director of the Center. At December 31, 2019, there was no balance due on the line of credit.

6. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The Center manages its liquidity by operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. Financial assets available for expenses within one year of the balance sheet date consist of cash and cash equivalents in the amount of \$57,197 and receivables in the amount of \$8,095. The Center does not anticipate any major capital expenditures in the coming year.

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

7. 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, 2019, 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, 2016 and later remain subject to examination by the taxing authorities.

8. CONCENTRATIONS:

During the year ended December 31, 2019, the Center received 77% of its revenue from HUD Section 8 housing assistance grant income. A significant reduction in the level of this support could have an effect on the Center's programs and activities.

Loans receivable are principally with related parties in which the Center is a general partner. Realization of these receivables is dependent on various conditions as outlined in Note 3.

The Center and its subsidiary maintain cash balances at local financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash balances were fully insured as of December 31, 2019.

9. SUBSEQUENT EVENTS:

A novel strain of coronavirus was reported in New Orleans in March 2020, and continues to spread throughout the United States. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimated at this time.

In April 2020, the Center received a loan (the "PPP" Loan") from its primary lender in the amount of \$56,200, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES act, which was enacted March 27, 2020. Under the terms of the PPP, certain amounts of the PPP Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Center has used the entire PPP Loan amount for qualifying payroll expenses.

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

9. SUBSEQUENT EVENTS: (Continued)

Management has evaluated subsequent events through June 23, 2020, which is the date on which the financial statements were available to be issued, and determined no events occurred that would have significantly affected these consolidated financial statements, other than those previously disclosed.

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO THE EXECUTIVE DIRECTOR
DECEMBER 31, 2019

Agency head name: Michael R. Vales, Executive Director

Purpose	Amount
Salary	\$65,460
Benefits – Compensated Absences	6,260
Cellular Phone	1,200
Total	\$72,920

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

	Mirabeau Family Learning Center, Inc.	MFLC Development, L.L.C.	Inter-company Eliminations	Total
CURRENT ASSETS:				
Cash and cash equivalents	\$ 55,396	\$ 1,801	\$ -	\$ 57,197
Due from MFLC Development, L.L.C.	144,136	-	(144,136)	-
Due from Filmore Parc Apartments II	7,653	-	-	7,653
Other receivable	442	-	-	442
Total current assets	<u>207,627</u>	<u>1,801</u>	<u>(144,136)</u>	<u>65,292</u>
PROPERTY AND EQUIPMENT - NET				
	<u>1,690</u>	<u>-</u>	<u>-</u>	<u>1,690</u>
OTHER ASSETS:				
Due from related parties:				
Smith Square Development, ALPIC	19,888	-	-	19,888
St. Joe Estates I and II	4,316	227,564	-	231,880
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	980,194	-	-	980,194
MFLC Partners, ALPIC	1,373,473	-	-	1,373,473
Investment in Filmore Parc Apartments II	167,624	-	-	167,624
Investment in MFLC Partners, ALPIC	124,529	-	-	124,529
Total other assets	<u>6,445,024</u>	<u>227,564</u>	<u>-</u>	<u>6,672,588</u>
TOTAL ASSETS	<u>\$ 6,654,341</u>	<u>\$ 229,365</u>	<u>\$ (144,136)</u>	<u>\$ 6,739,570</u>
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	\$ 231,283	\$ -	\$ -	\$ 231,283
Due to Filmore Parc Apartments II	1,636	-	-	1,636
Due to Mirabeau Family Learning Center, Inc.	-	144,136	(144,136)	-
Total current liabilities	<u>232,919</u>	<u>144,136</u>	<u>(144,136)</u>	<u>232,919</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>237,778</u>	<u>156,316</u>	<u>(148,995)</u>	<u>245,099</u>
NET ASSETS:				
Without donor restrictions	<u>6,416,563</u>	<u>73,049</u>	<u>4,859</u>	<u>6,494,471</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,654,341</u>	<u>\$ 229,365</u>	<u>\$ (144,136)</u>	<u>\$ 6,739,570</u>

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Mirabeau Family Learning Center, Inc.	MFLC Development, L.L.C.	Inter-company Eliminations	Total
REVENUE:				
Donations	\$ 3,005	\$ -	\$ -	\$ 3,005
Grant revenue	982,695	-	-	982,695
Income from programs	17,600	-	-	17,600
Interest income	268,401	-	-	268,401
Total revenue	<u>1,271,701</u>	<u>-</u>	<u>-</u>	<u>1,271,701</u>
EXPENSES:				
Accounting	1,750	-	-	1,750
Contract labor	7,751	-	-	7,751
Depreciation	338	-	-	338
Housing assistance expense	875,674	-	-	875,674
Interest	790	-	-	790
Insurance	3,041	-	-	3,041
Licenses and fees	1,000	-	-	1,000
Loss from investments in partnerships	89	-	-	89
Miscellaneous	1,166	28	-	1,194
Payroll taxes and benefits	6,575	-	-	6,575
Professional services	2,212	36	-	2,248
Rent	7,800	-	-	7,800
Salaries	90,624	-	-	90,624
Supplies	6,948	-	-	6,948
Telephone and utilities	1,777	-	-	1,777
Total expenses	<u>1,007,535</u>	<u>64</u>	<u>-</u>	<u>1,007,599</u>
INCREASE (DECREASE) IN NET ASSETS	264,166	(64)	-	264,102
Net assets at beginning of year	<u>6,152,397</u>	<u>73,113</u>	<u>4,859</u>	<u>6,230,369</u>
NET ASSETS AT END OF YEAR	<u>\$ 6,416,563</u>	<u>\$ 73,049</u>	<u>\$ 4,859</u>	<u>\$ 6,494,471</u>

MIRABEAU FAMILY LEARNING CENTER, INC.
SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

	General Fund	Learning Center Fund	Real Estate Fund	Inter-fund Eliminations	Total Mirabeau Learning Center, Inc.
CURRENT ASSETS:					
Cash and cash equivalents	\$ 41,574	\$ 13,822	\$ -	\$ -	\$ 55,396
Due from MFLC Development, L.L.C.	152,778	-	-	(8,642)	144,136
Due from Filmore Parc Apartments II	6,774	-	879	-	7,653
Due from other funds	90,563	9,892	1,369,818	(1,470,273)	-
Other receivable	442	-	-	-	442
Total current assets	<u>292,131</u>	<u>23,714</u>	<u>1,370,697</u>	<u>(1,478,915)</u>	<u>207,627</u>
PROPERTY AND EQUIPMENT - NET	<u>1,690</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,690</u>
OTHER ASSETS:					
Due from related parties:					
Smith Square Development, ALPIC	-	-	19,888	-	19,888
St. Joe Estates I and II	4,316	-	-	-	4,316
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	-	-	980,194	-	980,194
MFLC Partners, ALPIC	-	-	1,373,473	-	1,373,473
Investment in Filmore Parc Apartments II	-	-	167,624	-	167,624
Investment in MFLC Partners, ALPIC	-	-	124,529	-	124,529
Total other assets	<u>4,316</u>	<u>-</u>	<u>6,440,708</u>	<u>-</u>	<u>6,445,024</u>
TOTAL ASSETS	<u>\$ 298,137</u>	<u>\$ 23,714</u>	<u>\$ 7,811,405</u>	<u>\$ (1,478,915)</u>	<u>\$ 6,654,341</u>
CURRENT LIABILITIES:					
Accounts payable and accrued expenses	\$ 231,283	\$ -	\$ -	\$ -	\$ 231,283
Due to Filmore Parc Apartments II	1,636	-	-	-	1,636
Due to MFLC Development, L.L.C.	-	-	8,642	(8,642)	-
Due to other funds	1,379,710	90,563	-	(1,470,273)	-
Total current liabilities	<u>1,612,629</u>	<u>90,563</u>	<u>8,642</u>	<u>(1,478,915)</u>	<u>232,919</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>1,612,629</u>	<u>90,563</u>	<u>13,501</u>	<u>(1,478,915)</u>	<u>237,778</u>
NET ASSETS (DEFICIT):					
Without donor restrictions	<u>(1,314,492)</u>	<u>(66,849)</u>	<u>7,797,904</u>	<u>-</u>	<u>6,416,563</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 298,137</u>	<u>\$ 23,714</u>	<u>\$ 7,811,405</u>	<u>\$ (1,478,915)</u>	<u>\$ 6,654,341</u>

MIRABEAU FAMILY LEARNING CENTER, INC.
SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund	Learning Center Fund	Real Estate Fund	Total Mirabeau Learning Center, Inc.
REVENUE:				
Donations	\$ -	\$ 3,005	\$ -	\$ 3,005
Grant revenue	-	-	982,695	982,695
Income from programs	-	17,600	-	17,600
Interest income	-	-	268,401	268,401
Total revenue	<u>-</u>	<u>20,605</u>	<u>1,251,096</u>	<u>1,271,701</u>
EXPENSES:				
Accounting	1,750	-	-	1,750
Contract labor	7,631	120	-	7,751
Depreciation	338	-	-	338
Housing assistance expense	-	-	875,674	875,674
Interest	790	-	-	790
Insurance	3,041	-	-	3,041
Licenses and fees	-	1,000	-	1,000
Loss from investments in partnerships	-	-	89	89
Miscellaneous	50	1,116	-	1,166
Payroll taxes and benefits	5,129	1,446	-	6,575
Professional services	2,152	60	-	2,212
Rent	7,800	-	-	7,800
Salaries	71,720	18,904	-	90,624
Supplies	5,802	1,146	-	6,948
Telephone and utilities	1,777	-	-	1,777
Total expenses	<u>107,980</u>	<u>23,792</u>	<u>875,763</u>	<u>1,007,535</u>
INCREASE (DECREASE) IN NET ASSETS	(107,980)	(3,187)	375,333	264,166
Net assets (deficit) at beginning of year	<u>(1,206,512)</u>	<u>(63,662)</u>	<u>7,422,571</u>	<u>6,152,397</u>
NET ASSETS (DEFICIT) AT END OF YEAR	<u><u>\$ (1,314,492)</u></u>	<u><u>\$ (66,849)</u></u>	<u><u>\$ 7,797,904</u></u>	<u><u>\$ 6,416,563</u></u>



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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

June 23, 2020

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, 2019, 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 23, 2020.

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.

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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.



New Orleans, Louisiana



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

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June 23, 2020

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

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, 2019. 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.

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.

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.

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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, 2019.

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 & Weber LLP

New Orleans, Louisiana

MIRABEAU FAMILY LEARNING CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

<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>\$ 982,695</u>

MIRABEAU FAMILY LEARNING CENTER, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019, 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, 2019

SUMMARY OF AUDITOR'S RESULTS:

Financial Statements:

Type of auditor's report issued: unmodified

Internal control over financial reporting:

* Material weakness(es) identified?	yes	<u>X</u> no
* Control deficiencies identified that are not considered to be material weaknesses?	yes	<u>X</u> none reported

Noncompliance material to financial statements noted?	yes	<u>X</u> no
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Federal Awards:

Internal control over major programs:

* Material weakness(es) identified?	yes	<u>X</u> no
* Control deficiencies identified that are not considered to be material weaknesses?	yes	<u>X</u> none reported

Type of auditor's report issued on compliance for major programs:	unmodified
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Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133:	yes	<u>X</u> no
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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>982,695</u>
Dollar threshold used to distinguish between Type A and Type B programs:		\$ <u>750,000</u>
Auditee qualified as low-risk auditee?	<u>X</u> 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, 2019

PRIOR AUDIT FINDINGS:

NONE