

LOUISIANA CHILDREN'S DISCOVERY CENTER, INC.

ANNUAL FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2017



PHIL HEBERT
CERTIFIED PUBLIC ACCOUNTANT
A PROFESSIONAL ACCOUNTING CORPORATION

Louisiana Children’s Discovery Center, Inc.
Hammond, Louisiana

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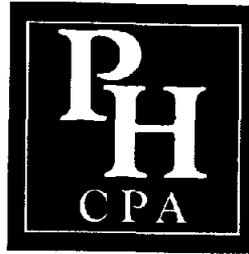
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CHARLES P. HEBERT, CPA

CHRISTOPHER S. JOHNSON, CPA, MBA

MEMBER

American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants



18435 HWY. 22
P.O. BOX 1151
PONCHATOULA, LA 70454
(985) 386-5740 • FAX (985) 386-5742

29644 SOUTH MONTEPELIER AVE., STE. B
P.O. BOX 520
ALBANY, LA 70711
(225) 209-6627 • FAX (225) 209-6625

Phil Hebert, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

Independent Accountant's Review Report

To the Board of Directors
Louisiana Children's Discovery Center, Inc.
Hammond, Louisiana

We have reviewed the accompanying financial statements of Louisiana Children's Discovery Center, Inc. (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Louisiana Children's Discovery Center, Inc.

Supplementary Information

The accompanying schedule of compensation, benefits, and other payments to the agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and, accordingly, do not express an opinion on such information.

Phil Hebert

Phil Hebert, CPA
A Professional Accounting Corporation
Ponchatoula, Louisiana
June 18, 2018

Financial Statements

**Louisiana Children's Discovery Center, Inc.
Hammond, Louisiana**

Statement A

**Statement of Financial Position
As of December 31, 2017**

	2017
Assets	
Current Assets:	
Cash	\$ 47,296
Accounts Receivable	10,634
Prepaid Expenses	705
Inventory	1,000
Total Current Assets	59,635
Property and Equipment:	
Furniture, Fixtures & Equipment	175,333
Leasehold Improvements	403,377
Less: Accumulated Depreciation	(548,536)
Total Property and Equipment	30,174
Other Assets:	
Refundable Deposits	2,700
Total Other Assets	2,700
Total Assets	\$ 92,509
Liabilities and Net Assets	
Current Liabilities:	
Accrued Payables	\$ 8,117
Payroll Liabilities	2,876
Other Current Liabilities	750
Accrued Salary	6,599
Accrued Vacation	1,585
Current Portion of Capital Lease	904
Total Current Liabilities	20,831
Net Assets:	
Unrestricted	71,678
Total Net Assets	71,678
Total Liabilities and Net Assets	\$ 92,509

See accompanying notes and independent accountant's review report.

Louisiana Children's Discovery Center, Inc.
Hammond, Louisiana

Statement B

Statement of Activities
For the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues:			
Agency/Government Grants	\$ 102,949	\$ -	\$ 102,949
Individual/Business Contributions	36,669	-	36,669
Admission Fees	216,038	-	216,038
Fundraising Income	36,263	-	36,263
Gift Shop Income	3,783	-	3,783
Membership Dues	17,887	-	17,887
Miscellaneous Revenue	817	-	817
Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	1,586	(1,586)	-
Total Revenues	\$ 415,992	\$ (1,586)	\$ 414,406

See accompanying notes and independent accountant's review report.

Continued

Louisiana Children's Discovery Center, Inc.
Hammond, Louisiana

Statement B

Statement of Activities
For the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total
Expenses:			
Birthday Party Expenses	\$ 2,640	\$ -	\$ 2,640
Credit Card Fees	4,797	-	4,797
Depreciation Expense	13,819	-	13,819
Dues & Subscriptions	3,281	-	3,281
Employee Salaries & Payroll Taxes	274,972	-	274,972
Event Expenses	17,545	-	17,545
Field Trip Expense	4,988	-	4,988
Fundraising	8,406	-	8,406
Insurance	15,777	-	15,777
Janitorial	6,470	-	6,470
Maintenance & Repairs	8,457	-	8,457
Miscellaneous	718	-	718
Office Expenses	6,921	-	6,921
Other Employee Costs	1,190	-	1,190
Professional Fees	13,755	-	13,755
Promotion and Advertising	7,914	-	7,914
Rent	36,446	-	36,446
Security	828	-	828
Supplies	13,073	-	13,073
Travel	4,696	-	4,696
Utilities	18,505	-	18,505
Total Expenses	465,198	-	465,198
 Change in Net Assets	(49,206)	(1,586)	(50,792)
 Net Assets:			
Beginning of the Year	120,884	1,586	122,470
End of the Year	\$ 71,678	\$ -	\$ 71,678

(Concluded)

See accompanying notes and independent accountant's review report.

**Louisiana Children's Discovery Center, Inc.
Hammond, Louisiana**

Statement C

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

	2017
Cash Flows from Operating Activities	
Change in Net Assets	\$ (50,792)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:	
Depreciation Expense	13,819
(Increase)/Decrease in Accounts Receivable	108
(Increase)/Decrease in Prepaid Expenses	(705)
Increase/(Decrease) in Accounts Payable	3,246
Increase/(Decrease) in Accrued Salary	117
Increase/(Decrease) in Accrued Vacation	777
Increase/(Decrease) in Payroll Liabilities	1,046
Increase/(Decrease) in Deferred Revenue	750
Net Cash Used by Operating Activities	(31,634)
 Cash Flows from Capital and Related Financing Activities	
Payments on Capital Lease	(2,170)
Net Cash Used by Capital and Related Financing Activities	(2,170)
 Net Decrease in Cash and Cash Equivalents	 (33,804)
 Cash and Cash Equivalents - Beginning of the Year	 81,100
Cash and Cash Equivalents - End of the Year	\$ 47,296

See accompanying notes and independent auditor's report.

**Louisiana Children’s Discovery Center, Inc.
Hammond, Louisiana**

**Notes to the Financial Statements
For the Year Ended December 31, 2017**

Introduction

The Louisiana Children’s Discovery Center, Inc. (the “Center”) opened on October 1, 2010 and is a non-profit entity established to provide children with hands-on educational experiences that will empower imaginations, peak curiosity, and nurture intelligence. This mission is accomplished through the operation of a children’s museum in the City of Hammond, Louisiana.

1. Summary of Significant Accounting Policies

A. Basis of Accounting

The financial statements have been prepared on an accrual basis and in conformity with standards generally accepted in the United States of America.

B. Basis of Presentation

The Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At December 31, 2017, all net assets are classified as unrestricted.

C. Support and Revenue

Support consists primarily from expense reimbursements from the City of Hammond, admission fees, field trips, birthday parties, membership fees and gift shop sales. At the end of each month the Center will bill the City of Hammond for expenses incurred. The revenue is recognized once the Center bills the City of Hammond. Membership fees, birthday parties, and field trips are nonrefundable and recognized as income when received. Gift shop sales are recognized as revenue at the time of sale.

D. Cash

Cash includes demand deposits and money market savings accounts.

E. Income Taxes

The Center qualifies as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. However, should the Center engage in activities unrelated to its exempt purpose it could result in taxable income.

F. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported

Louisiana Children’s Discovery Center, Inc.
Hammond, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2017

amounts of support and revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

G. Statement of Cash Flows

For the purposes of the statement of cash flows, all investments with a maturity of 90 days or less from the date of purchase are considered to be cash equivalents.

H. Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

All contributions are considered to be unrestricted and available for use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases these net asset classes. However, if a restriction is fulfilled in the same reporting period in which the contribution is received, the Center reports the support as unrestricted.

I. Inventories

Inventories are stated at the lower of cost or market determined by the first-in, first-out method. At December 31, 2017, the Center had \$1,000 in inventories for the gift shop.

J. Property and Equipment

Property and equipment are stated at cost or fair value at date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and Fixtures	7 Years
Leasehold Improvements	5 Years
Machinery and Equipment	5 - 10 Years
Software	3 Years

K. Vacation and Sick Leave Policy

Full-time employees earn vacation days off 90 days after the beginning of their employment with the Center. Any unused vacation time is forfeited after each anniversary year of employment. The center also offers paid time off (PTO) only for full-time salaried employees for sick days, medical appointments, hospitalization, funeral leave and personal days off. Unused PTO cannot be carried over to the next year. Upon separation from employment for any reason, all unused PTO is forfeited. Days earned for vacation and PTO are based on the following years of employment:

The Center gives paid time off (PTO) to only full time employees (40 hours a week). Paid time off can be used for personal, sick, or vacation. PTO is credited at the beginning of the year and the employee

**Louisiana Children’s Discovery Center, Inc.
Hammond, Louisiana**

**Notes to the Financial Statements
For the Year Ended December 31, 2017**

may carry over five days of PTO if unused at the end of the calendar year. All other PTO will be forfeited at the end of the calendar year. Upon separation of employment for any reason, unused PTO is forfeited. PTO is earned from the beginning of your employment with the Center, however; you cannot utilize paid time off until you have completed your first ninety days of employment. Paid time off is earned as follows:

Years of Employment	Vacation Days
1	5
2 - 4	10
5 - 9	15
Over 10	20

Years of Employment	PTO Days
1 - 2	4
3 - 4	6
Over 5	8

2. Cash

Cash at December 31, 2017, consisted of the following:

Demand Deposits	\$ 16,227
Money Market Savings	28,672
Paypal	1,851
Petty Cash	546
	\$ 47,296

3. Receivables

Receivables include amounts due from the City of Hammond. The total amount at December 31, 2017 is \$10,634. This amount was collected in January 2018.

4. Concentration of Revenue

For the year ended December 31, 2017, the Center received funding of \$102,949 from the City of Hammond, Louisiana which is approximately 25% of the Center’s revenue.

**Louisiana Children’s Discovery Center, Inc.
Hammond, Louisiana**

**Notes to the Financial Statements
For the Year Ended December 31, 2017**

5. Property and Equipment

A summary of the changes in property and equipment follows:

	Balance December 31, 2016	Additions	Deletions	Balance December 31, 2017
Capital Assets				
Furniture, Fixtures & Equipment	\$ 175,333	\$ -	\$ -	\$ 175,333
Leasehold Improvements	403,377	-	-	403,377
Subtotal	578,710	-	-	578,710
Less: Accumulated Depreciation	(534,717)	(13,819)	-	(548,536)
Net Capital Assets	<u>\$ 43,993</u>	<u>\$ (13,819)</u>	<u>\$ -</u>	<u>\$ 30,174</u>

Depreciation expense for the year ended December 31, 2017 was \$13,819.

6. Property Lease

The Center is leasing property at 113 North Cypress Street, Hammond, Louisiana and the adjacent parking lot. On October 15, 2015 the consideration increased to \$3,037 per month, due on the 15th day of each month thereafter. The lease is for three years with a 1% increase beginning in the third year. In addition to the rent, a deposit of \$2,700 is to be held by the lessor as security for the full and faithful performance of all terms and conditions of the lease. The premises are to be used only for the purposes of a children’s museum and other lawful related activities. At December 31, 2017, \$36,446 was charged to rent under this lease.

7. Capital Lease

The Center entered into a capital lease purchase agreement with LEAF Capital Funding, LLC effective May 2, 2014 to lease a Konica Minolta bizhub C360 Copier System. The lease is payable in 48 monthly payments of \$169. The Center has the option to purchase the copier on the date the last rental payment is scheduled for the purchase price of \$1. The cost of the equipment and accumulated depreciation was \$8,680 and \$6,365. At December 31, 2017, the current portion of debt on the copier lease is \$904. In 2018, the Center made its final payment on the lease.

8. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 18, 2018, and determined that no events have occurred that require disclosure. No subsequent event occurring after this date have been evaluated for inclusion in these financial statements.

Supplemental Information

**Louisiana Children's Discovery Center, Inc.
Hammond, Louisiana**

**Schedule of Compensation, Benefits and Other
Payments to Agency Head
For the Year Ended December 31, 2017**

Agency Head: Leon Philpot

<u>Purpose</u>	<u>Amount</u>
Salary	\$ <u>32,231</u>
Total payments	\$ <u><u>32,231</u></u>

Other Independent Accountant's Report

CHARLES P. HEBERT, CPA

CHRISTOPHER S. JOHNSON, CPA, MBA

MEMBER

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18435 HWY. 22
P.O. BOX 1151
PONCHATOULA, LA 70454
(985) 386-5740 • FAX (985) 386-5742

29644 SOUTH MONTEPELIER AVE., STE. B
P.O. BOX 520
ALBANY, LA 70711
(225) 209-6627 • FAX (225) 209-6625

Phil Hebert, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Directors
Louisiana Children's Discovery Center, Inc.
Hammond, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Louisiana Children's Discovery Center, Inc. and the Louisiana Legislative Auditor, on the Center's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended December 31, 2017 as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The Center's management is responsible for its financial records and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated 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:

Federal, State, and Local Awards

1. Obtain the list of federal, state, and local government grant award expenditures for the fiscal year, by grant and grant year, from the Agency's management.

The Center received \$102,949 from the City of Hammond in 2017.

2. For each federal, state, and local grant award, randomly select six disbursements from each grant administered during the fiscal year, provided that no more than 30 disbursements are selected.

We randomly selected 6 disbursements in 2017.

3. Obtain documentation for the disbursements selected in Procedure 2. Compare the selected disbursements to supporting documentation, and report whether the disbursements agree to the amount and payee in the supporting documentation.

Each of the selected disbursements agreed to the amount and payee in the supporting documentation.

4. Report whether the selected disbursements were coded to the correct fund and general ledger account.

All of the disbursements were coded to the correct fund and general ledger account.

5. Report whether the selected disbursements were approved in accordance with the Center's policies and procedures.

All of the selected disbursements were approved in accordance with the Center's policies and procedures.

6. For each selected disbursement made for federal grant awards, obtain the *Compliance Supplement* for the applicable federal program. For each disbursement made for a state or local grant award, or for a federal program not included in the *Compliance Supplement*, obtain the grant agreement. Compare the documentation for each disbursement to the program compliance requirements or the requirements of the grant agreement relating to activities allowed or unallowed, eligibility, and reporting; and report whether the disbursements comply with these requirements.

All local award disbursements were in compliance with the grant agreement.

7. Obtain the close-out reports, if required, for any program selected in Procedure 2 that was closed out during the fiscal year. Compare the close-out reports, if applicable, with the Agency's financial records; and report whether the amounts in the close-out reports agree with the Agency's financial records.

The Center did not receive any federal awards in 2017.

Open Meetings

8. Obtain evidence from management that agendas for meetings recorded in the minute book were posted as required by Louisiana Revised Statute 42:11 through 42:28 (the open meetings law), and report whether there are any exceptions. Note: Please refer to Attorney General Opinion No. 13-0043 and the guidance in the publication "Open Meeting FAQs," available on the Legislative Auditor's website at <http://appl.la.state.la.us/llala.nsf>, to determine whether a non-profit agency is subject to the open meetings law.

I obtained an agenda from management that was posted on the door of the Center's main office building.

Budget

9. For each grant exceeding five thousand dollars, obtain the comprehensive grant budgets that the agency provided to the applicable federal, state or local grantor agency. Report whether the budgets for federal, state and local grants included the purpose and duration of the grants; and whether budgets for state grants also included specific goals, objectives, and measures of performance.

The Center provided the budget that was submitted to the City of Hammond.

State Audit Law

10. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

The Center's report was submitted to the Legislative Auditor before the statutory due date of June 30, 2018.

11. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

The Center's management represented that the Center did not enter into any contracts during the fiscal year that were subject to the public bid law.

Prior-Year Comments

12. Obtain and report management's representation as to whether any prior year suggestions, exceptions, recommendations, and/or comments have been resolved.

There were no prior year suggestions, exceptions, recommendations or comments.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. 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 the Louisiana Children's Discovery Center, Inc.'s compliance with the foregoing matters. 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 the Louisiana Children's Discovery Center, Inc.'s compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, 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 Louisiana Legislative Auditor as a public document.

Sincerely,

Phil Hebert

Phil Hebert, CPA
A Professional Accounting Corporation
Ponchatoula, Louisiana

June 18, 2018

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Agencies)

5-21-18 (Date Transmitted)

Phil Hebert CPA
PO Box 1151
Ponchatoula, LA 70454

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of December 31, 2017 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Federal, State, and Local Awards

We have detailed for you the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

Yes [] No []

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and local grantor officials.

Yes [] No []

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes [] No []

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes [] No []

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law). **Note: Please refer to Attorney General Opinion No. 13-0043 and the guidance in the publication "Open Meeting FAQs," available on the Legislative Auditor's website at <http://app1.la.state.la.us/lala.nsf>, to determine whether a non-profit agency is subject to the open meetings law.**

Yes [] No []

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes [] No []

Reporting

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [] No []

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes [] No []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [] No []

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes [] No []

General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes [] No []

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes [] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes [] No []

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes [] No []

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes [] No []

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes [] No []

The previous responses have been made to the best of our belief and knowledge.

Michael R. Dillon Secretary 5-21-18 Date

Treasurer _____ Date

George Hong President 5-21-18 Date