

CHILDREN'S BUREAU OF NEW ORLEANS

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS AND WITH THE UNIFORM GUIDANCE

Year Ended June 30, 2018

CHILDREN'S BUREAU OF NEW ORLEANS

Year Ended June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

President/CEO and Board of Directors
Children's Bureau of New Orleans
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Children's Bureau of New Orleans (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, 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.

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

**President/CEO and Board of Directors
Children's Bureau of New Orleans**

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 Children's Bureau of New Orleans as of June 30, 2018, 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.

Substantial Doubt About the Organization's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that Children's Bureau of New Orleans will continue as a going concern. As discussed in Note O to the financial statements, Children's Bureau of New Orleans has suffered recurring significant reductions in grant revenues, has a net deficiency in net assets, and has stated that substantial doubt exists about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters also are described in Note O. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, as required by Louisiana Revised Statute 24:513 A.(1)(a)(3), 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 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**President/CEO and Board of Directors
Children's Bureau of New Orleans**

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2019, on our consideration of Children's Bureau of New Orleans' 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 solely 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 effectiveness of Children's Bureau of New Orleans' 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 Children's Bureau of New Orleans' internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Children's Bureau of New Orleans' 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 31, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Metairie, Louisiana
February 11, 2019

CHILDREN'S BUREAU OF NEW ORLEANS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018
With Summarized Financial Information
at June 30, 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 21,102	\$ 4,316
Accounts receivable, Net	261,357	307,777
Contributions receivable	95,000	85,000
Prepaid expenses and deposit	28,359	30,029
Property and equipment, Net	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u>\$405,818</u>	<u>\$427,122</u>
<u>LIABILITIES</u>		
Accounts payable	\$160,348	\$ 87,957
Accrued expense	37,048	47,340
Other liabilities	62,083	42,104
Deferred revenue	0	50,000
Line of credit	<u>113,000</u>	<u>117,000</u>
<i>Total Liabilities</i>	<u>372,479</u>	<u>344,401</u>
<u>NET ASSETS (DEFICIT)</u>		
Unrestricted	(71,661)	(12,279)
Temporarily restricted	<u>105,000</u>	<u>95,000</u>
<i>Total Net Assets</i>	<u>33,339</u>	<u>82,721</u>
<i>Total Liabilities and Net Assets</i>	<u>\$405,818</u>	<u>\$427,122</u>

See accompanying notes to financial statements.

CHILDREN'S BUREAU OF NEW ORLEANS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018
With Summarized Financial Information
for the Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2018 Total</u>	<u>2017 Total</u>
<u>SUPPORT, REVENUE, GAINS AND LOSSES</u>				
Contributions and private grants	\$ 148,600	\$ 10,000	\$ 158,600	\$ 131,683
Fees and grants from governmental agencies	892,001	0	892,001	752,263
Program service fees	1,756,514	0	1,756,514	1,653,994
Resource development	55,570	0	55,570	95,532
United Way contributions:				
Allocation	0	85,000	85,000	85,000
Designations	5,397	0	5,397	5,837
Other	27,586	0	27,586	33,083
Net assets released from restrictions	<u>85,000</u>	<u>(85,000)</u>	<u>0</u>	<u>0</u>
<i>Total Support, Revenue, Gains and Losses</i>	<u>2,970,668</u>	<u>10,000</u>	<u>2,980,668</u>	<u>2,757,392</u>
<u>EXPENSES</u>				
Program services:				
Child and Family Counseling:				
Counseling	26,732	0	26,732	148,817
Loss and Survival Team	933,682	0	933,682	805,249
Mental Health Rehabilitation	1,051,296	0	1,051,296	1,244,920
Project Connect	525,266	0	525,266	252,841
School Based	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,192</u>
	<u>2,536,976</u>	<u>0</u>	<u>2,536,976</u>	<u>2,461,019</u>
Quality Start	<u>211,484</u>	<u>0</u>	<u>211,484</u>	<u>220,891</u>
	<u>2,748,460</u>	<u>0</u>	<u>2,748,460</u>	<u>2,681,910</u>
Supporting services:				
Management and general	193,262	0	193,262	220,348
Resource development	<u>88,328</u>	<u>0</u>	<u>88,328</u>	<u>92,501</u>
	<u>281,590</u>	<u>0</u>	<u>281,590</u>	<u>312,849</u>
<i>Total Expenses</i>	<u>3,030,050</u>	<u>0</u>	<u>3,030,050</u>	<u>2,994,759</u>
<u>CHANGE IN NET ASSETS</u>	(59,382)	10,000	(49,382)	(237,367)
Net Assets (Deficit) - Beginning of Year	<u>(12,279)</u>	<u>95,000</u>	<u>82,721</u>	<u>320,088</u>
Net Assets (Deficit) - End of Year	<u>\$ (71,661)</u>	<u>\$105,000</u>	<u>\$ 33,339</u>	<u>\$ 82,721</u>

See accompanying notes to financial statements.

CHILDREN'S BUREAU OF NEW ORLEANS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018
With Summarized Financial Information
for the Year Ended June 30, 2017

	Program Services					Supporting Services			Total Program and Supporting Services Expenses		
	Child and Family Counseling	Loss and Survival Team	Mental Health Rehabilitation	Project Connect	Quality Start	Total Program Services	Management and General	Resource Development	Total Supporting Services	2018	2017
Salaries	\$19,780	\$738,809	\$ 732,950	\$398,363	\$164,641	\$2,054,543	\$104,789	\$38,224	\$143,013	\$2,197,556	\$2,147,603
Employees' retirement benefits and medical insurance	0	32,621	69,367	30,030	13,473	145,491	5,830	1,292	7,122	152,613	164,290
Payroll taxes and worker's compensation	<u>1,958</u>	<u>67,750</u>	<u>66,922</u>	<u>36,417</u>	<u>15,067</u>	<u>188,114</u>	<u>11,398</u>	<u>3,436</u>	<u>14,834</u>	<u>202,948</u>	<u>190,337</u>
<i>Total Employee Compensation</i>	21,738	839,180	869,239	464,810	193,181	2,388,148	122,017	42,952	164,969	2,553,117	2,502,230
Bad debt	0	0	0	0	0	0	3,505	0	3,505	3,505	11,350
Bank fees and interest	77	2,241	2,936	1,468	386	7,108	2,600	0	2,600	9,708	8,542
Building and equipment maintenance	212	5,871	4,533	2,166	269	13,051	2,587	35	2,622	15,673	14,770
Computer services	18	582	22,197	9,697	0	32,494	897	1,143	2,040	34,534	40,133
Conferences and meetings	2,120	5,471	3,035	250	900	11,776	1,153	0	1,153	12,929	5,507
Insurance	215	6,249	8,189	4,094	1,077	19,824	1,410	0	1,410	21,234	28,742
Membership dues	0	30	0	0	0	30	258	0	258	288	271
Miscellaneous	0	10	0	0	6	16	8,413	642	9,055	9,071	8,169
Occupancy	2,298	38,245	50,160	26,400	6,250	123,353	10,322	0	10,322	133,675	127,859
Postage and messenger service	0	369	113	0	0	482	269	0	269	751	2,259
Printing and publications	0	1,000	295	0	0	1,295	494	0	494	1,789	596
Professional fees and contract service payments	0	286	40,454	7,116	242	48,098	36,946	16,011	52,957	101,055	101,416
Special events	0	0	0	0	0	0	0	27,279	27,279	27,279	23,688
Supplies	26	7,643	1,207	1,085	191	10,152	1,474	0	1,474	11,626	22,624
Telephone	28	8,483	12,817	5,533	1,708	28,569	730	242	972	29,541	30,047
Travel and other transportation	<u>0</u>	<u>18,022</u>	<u>36,121</u>	<u>2,647</u>	<u>7,274</u>	<u>64,064</u>	<u>187</u>	<u>24</u>	<u>211</u>	<u>64,275</u>	<u>66,556</u>
<i>Total Expenses</i>	<u>\$26,732</u>	<u>\$933,682</u>	<u>\$1,051,296</u>	<u>\$525,266</u>	<u>\$211,484</u>	<u>\$2,748,460</u>	<u>\$193,262</u>	<u>\$88,328</u>	<u>\$281,590</u>	<u>\$3,030,050</u>	<u>\$2,994,759</u>

See accompanying notes to financial statements.

CHILDREN'S BUREAU OF NEW ORLEANS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018
With Summarized Financial Information
for the Year Ended June 30, 2017

	<u>2018</u>	<u>2017</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$(49,382)	\$(237,367)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Bad debt	3,505	11,350
(Increase) decrease in operating assets:		
Accounts receivable	42,915	107,752
Contributions receivable	(10,000)	24,732
Prepaid expenses and deposits	1,670	4,032
Increase (decrease) in operating liabilities:		
Accounts payable	72,391	(4,848)
Accrued expenses	(10,292)	(10,560)
Deferred revenue	<u>(50,000)</u>	<u>50,000</u>
Net Cash Provided by (Used for) Operating Activities	<u>807</u>	<u>(54,909)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Payment on line of credit	(4,000)	(3,000)
Advances from related parties	93,600	10,047
Payments of advances from related parties	(52,600)	(10,047)
Increase in (Payments of) other liabilities	<u>(21,021)</u>	<u>42,104</u>
Net Cash Provided by Financing Activities	<u>15,979</u>	<u>39,104</u>
Net Increase (Decrease) in Cash and Cash Equivalents	16,786	(15,805)
Cash and Cash Equivalents -		
Beginning of Year	<u>4,316</u>	<u>20,121</u>
End of Year	<u>\$ 21,102</u>	<u>\$ 4,316</u>
<u>Supplemental Schedule of Cash Flow Information</u>		
Cash paid during the year for:		
Interest	<u>\$ 8,455</u>	<u>\$ 7,597</u>
Income taxes	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

CHILDREN'S BUREAU OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

A. Description of Organization

Children's Bureau of New Orleans ("Children's Bureau") is a private, non-profit agency that offers a variety of counseling services to children and families in the New Orleans Metropolitan Area.

B. Description of Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

Child and Family Counseling:

Counseling

Individual, family, and group therapy is offered for children from birth to 17 years of age and their families. Areas of concern include but are not limited to anger management, school behavior problems, parent-child relational difficulties, and the effects of abuse, domestic violence, or other traumatic events.

Loss and Survival Team

Children's Bureau's Project LAST is designed to meet the special needs of children and families impacted by grief and trauma, including the loss of a loved one by natural cause; accident or violent death; exposure to natural disaster; and being a witness or victim of violence or abuse. Project LAST offers individual, family and group interventions that are valid and proven to be effective. Our social workers are trained in our own evidence-based 10-week Grief and Trauma Intervention (GTI). GTI was designed after many years of working with New Orleans area children and youth, and has been repeatedly shown to be effective in reducing traumatic stress and depressive symptoms in children who have completed the intervention. Children ages birth to 17 are eligible. Project LAST services are community-based and take place in homes, schools and other community locations.

Mental Health Rehabilitation

The Mental Health Rehabilitation (MHR) program at Children's Bureau offers services for children ages birth to 17 who are having emotional or behavioral problems at school or at home. The program also assists families as they cope with the difficulties they face in helping their children recover. The goals of the program are improving children's ability to function during a crisis, ability to function at home or in school in spite of emotional or behavioral issues, ability to respond well in different life situations, reduce or prevent psychiatric hospitalizations, and increase the chances that a child will remain in school and follow the rules. The child must be Medicaid-eligible in order to receive MHR Services.

CHILDREN'S BUREAU OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2018

Description of Program and Supporting Services (Continued)

Project Connect

Project Connect is a program which partners Children's Bureau with public schools and embeds behavioral health clinics within the school site to ensure that 1) Students and families have access to, and are consistently receiving, quality behavioral health services 2) Behavioral health services for the student are coordinated between, and reinforced by, both school and mental health staff; and 3) Schools have access to the resources and expertise of a mental health agency.

School Based

As the New Orleans community continues to rethink and reinvent a public education system that meets both the academic and developmental needs of its students, Children's Bureau continues to provide support in these efforts through its School Based services. Not only have we reached hundreds of school children through our Project LAST Grief and Trauma Intervention, but Children's Bureau has also started a new initiative to provide both its expertise and support to schools as they work to create a coordinated system of learning support for their students.

Quality Start

Children's Bureau is providing Mental Health Consultation Services to child care centers in the New Orleans region as part of the Quality Start program, a State initiative to increase the quality of child care in Louisiana. Through this program, mental health consultants, with specialized knowledge of young children, work with child care centers to enhance their ability to contribute to the emotional, social and academic development of children in their care.

Management and General

Management and general includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Children's Bureau's program strategy through the Office of the Executive Director; secure proper administrative functioning of the Board of Directors; maintain competent professional services for the program administration of the Children's Bureau; and manage the financial and budgetary responsibilities of the Children's Bureau.

Resource Development

Resource and development provides the structure necessary to encourage and secure financial support from individuals, foundations, and corporations.

CHILDREN'S BUREAU OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2018

C. Summary of Significant Accounting Policies

Basis of Accounting

Children's Bureau prepares its financial statements on the accrual basis of accounting and, accordingly, reflects all significant receivables, payables, and other liabilities.

Basis of Presentation

Children's Bureau reports information regarding its financial position and activities according to three classes of net assets, depending on the presence and type of donor-imposed restrictions.

Unrestricted Net Assets - Those net assets whose use is not restricted by donors.

Temporarily Restricted Net Assets - Those net assets whose use by Children's Bureau has been limited by donors (a) to later periods of time or after specified dates, or (b) to specific purposes.

Permanently Restricted Net Assets - Those net assets that must be maintained in perpetuity due to donor-imposed restrictions that will neither expire with the passage of time nor be removed by meeting certain requirements.

Children's Bureau has no permanently restricted assets, liabilities or activities.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with Children's Bureau's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the prior year summarized comparative information to correspond to the current year's format.

Estimates

Children's Bureau uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

CHILDREN'S BUREAU OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2018

Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For the purposes of the *Statement of Cash Flows*, Children's Bureau considers all unrestricted highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

Children's Bureau capitalizes all expenditures for property and equipment in excess of \$1,000. Purchased property and equipment is carried at cost. Donated property and equipment is carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the useful life of the related assets. The useful lives of Children's Bureau's assets range between five and ten years.

Contributions

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

Donor support in the form of cash and other assets is reported as restricted support if it is received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Absent donor stipulations regarding how long those donated assets must be maintained, Children's Bureau reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Children's Bureau reclassifies temporarily restricted net assets to unrestricted net assets at that time.

CHILDREN'S BUREAU OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2018

Summary of Significant Accounting Policies (Continued)

Contributions (Continued)

Donated services are recorded that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year, \$15,000 of donated professional fees were received and recorded as revenue and as management and general supporting services expenses.

Fair Value of Financial Instruments

Generally accepted accounting principles requires a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Income Taxes

The agency is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code.

CHILDREN'S BUREAU OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2018

Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

Children's Bureau's Federal Exempt Organization tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitation on those tax returns. In general, the Federal tax returns have a three-year statute of limitation.

Subsequent Events

Subsequent events have been evaluated through February 11, 2019, which is the date the financial statements were available to be issued.

D. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense, and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. There is an allowance of \$5,738 at June 30, 2018 and the bad debt expense was \$3,505 for the year ended June 30, 2018. The accounts receivable are pledged to secure the line of credit (see note L).

E. Contributions Receivable

Contributions receivable at June 30, 2018 consists of \$85,000 from the United Way and \$10,000 from Methodist Health System Foundation. These receivable balances are unconditional and are due within one year.

F. Property and Equipment

Property and equipment consists of the following:

Furniture and fixtures	\$ 9,486
Equipment	4,299
Leasehold improvements	17,410
Software	<u>5,744</u>
	36,939
Less: Accumulated depreciation and amortization	<u>36,939</u>
<i>Total Property and Equipment</i>	<u>\$ <u>0</u></u>

Depreciation expense for the fiscal year ended June 30, 2018 was \$0.

CHILDREN'S BUREAU OF NEW ORLEANS
 NOTES TO FINANCIAL STATEMENTS
 (Continued)
JUNE 30, 2018

G. Fair Value Measurements

Fair values of financial instruments measured on a recurring basis at June 30, 2018 are as follows:

	Fair Value Measurements at Reporting Date Using:			
	Quoted Prices In Active Markets for Identical Assets	Fair Value (Level 1)	Significant Inputs: Other Unobserv- Observable able	(Level 2) (Level 3)
Financial Liabilities:				
Line of credit	\$ <u>113,000</u>	\$ <u>0</u>	\$ <u>113,000</u>	\$ <u>0</u>

Management estimates that the fair value of the obligation under the line of credit approximates the carrying value by reference to similar liabilities with similar interest rates and similar repayment terms.

H. Temporarily Restricted Net Assets

Temporarily restricted net assets totaling \$105,000 are for program services that will occur subsequent to June 30, 2018.

Temporarily restricted net assets are available for the following purposes:

Best Practices manual for schools	\$ 10,000
Child and Family Counseling	<u>95,000</u>
	<u>\$105,000</u>

For the year ended June 30, 2018, net assets in the amount of \$85,000 were released from donor restrictions for Child and Family Counseling by incurring program expenses and providing services satisfying the purpose restrictions specified by donors.

CHILDREN'S BUREAU OF NEW ORLEANS
 NOTES TO FINANCIAL STATEMENTS
 (Continued)
JUNE 30, 2018

I. Concentrations

Children's Bureau receives a substantial portion of its support and revenue from a few major sources. A major source is defined as a source from whom support and revenue approximates 10% of total support and revenue for the year. The following lists the support, revenue, and the receivable balances related to these major sources:

<u>Source/Program</u>	<u>Support and Revenue</u>	<u>Percentage of Total Support, Revenue, Gains and Losses</u>	<u>Receivable Balance, Net</u>	<u>Percentage of Total Assets</u>
MHR - Medicaid Louisiana Commission on Law Enforcement	\$ 916,130	31%	\$ 32,514	8%
Project Connect - Medicaid	<u>510,524</u>	17%	138,948	34%
	<u>368,542</u>	<u>12%</u>	<u>0</u>	<u>0%</u>
<i>Total</i>	<u>\$1,795,196</u>	<u>60%</u>	<u>\$171,462</u>	<u>42%</u>

J. Simple IRA Plan

Children's Bureau has a Simple IRA plan covering all employees over 21 years old having at least one year of service and exceeding 1,000 hours of service. Contributions to the plan are at the discretion of the Board of Directors. The Board approved a contribution for eligible employees at 3% of their salary. The recorded expense was \$20,362 for the year ended June 30, 2018.

K. Leases

Children's Bureau has an operating lease for building space. This lease calls for monthly rents of \$10,622, was extended for a period of five years commencing July 11, 2016 and expires on July 10, 2021.

Future minimum commitments under noncancellable operating leases having initial or remaining terms in excess of one year as of June 30, 2018 for each of the next five years and in the aggregate are:

<u>Year ending June 30,</u>	<u>Amount</u>
2019	\$127,465
2020	127,465
2021	127,465
2022	0
2023	<u>0</u>
	<u>\$382,395</u>

CHILDREN'S BUREAU OF NEW ORLEANS
 NOTES TO FINANCIAL STATEMENTS
 (Continued)
JUNE 30, 2018

Leases (Continued)

Rental expense under all operating leases for fiscal year ended June 30, 2018 was \$133,675.

L. Line of Credit

Children's Bureau has a line of credit with a bank for up to \$120,000. The stated interest rate is 7.5%. There was a balance due of \$113,000 at June 30, 2018. The line matures annually and is due on November 14, 2019. The line of credit is secured with accounts receivable (see note D). Interest expense for the year was \$8,455.

The following is a schedule of principal maturities of long-term debt as of June 30, 2018:

Year ending <u>June 30,</u>	
2019	\$ 0
2020	113,000
2021	0
2022	0
2023	0
Thereafter	<u>0</u>
Total	<u>\$113,000</u>

M. Resource Development Expense

Resource development expenses relate to fund-raising activities and special events. The total resource development revenues and expenses for the year were \$55,570 and \$88,328, respectively. The fund-raising revenues and expenses related to the special events totaled \$52,720 and \$27,279, respectively.

N. Related Party Transactions

During the year, Children's Bureau was provided cash advances by an officer and a key employee. These cash advances totaled \$93,600 and were for short-term cash needs. Advances are paid back when funds are available. As of June 30, 2018 there was an outstanding balances related to these advances of \$41,000. These advances are included in 'Other Liabilities' on the Statement of Financial Position.

CHILDREN'S BUREAU OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2018

0. Going Concern

Children's Bureau has had net decreases in net assets for the last six years resulting in a net deficiency in unrestricted net assets of \$71,661. Children's Bureau was able to increase its change in net assets over 2017 by \$187,985, but a net decrease in net assets still remained. The reduction of the decrease in net assets was attributable to an increase in support and revenue. The continued increase in expenses has prevented a return to positive results. Management plans to continue to aggressively bid contracts for new work and reduce expenses. Children's Bureau's ability to continue as a going concern is dependent upon the success of management's plans. Children's Bureau's financial statements do not include any adjustments that might be necessary related to the recoverability or classification of recorded assets or the amounts or classification of liabilities in the event that management's plans are not successful.

SUPPLEMENTARY INFORMATION

CHILDREN'S BUREAU OF NEW ORLEANS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2018

Federal Grantor <i>Pass-through Grantor</i> <u>Program or Cluster Title</u>	<u>Federal</u> CFDA <u>Number</u>	<u>Pass-through</u> Entity Identifying <u>Number</u>	<u>Total</u> Federal Expend- itures
Department of Justice			
<i>Louisiana Commission of Law Enforcement</i>			
<u>Crime Victim Assistance</u>	16.575	2016-VA-03 3833	\$ 40,069
		2015-VA- 04/02/03/01 2964	83,323
		2016-VA- 04/02/03/01 3834	57,087
		2015-VA-04 2950	301
		2016-VA-04/03 3799	116,641
		2016-VA-04/02 3832	<u>213,103</u>
		<i>Total Department of Justice</i>	<u>\$510,524</u>
Department of Health and Human Services			
<i>Louisiana Department of Health and Hospitals Office of Public Health</i>			
<u>Maternal and Child Health Services Block Grant to the States</u>			
	93.994	CFMS 061099	\$ <u>86,368</u>
<i>The Administrators of the Contractor Educational Fund d/b/a Department of Psychiatry and Neurology</i>			
<u>Childcare and Development Fund Cluster</u>			
<u>Child Care and Development Block Grant</u>	93.596	TUL-HSC- 554594	111,179
<u>Child Care Mandatory and Matching Funds of the Child Care and Development Fund</u>	93.575	TUL-HSC- 554594	<u>111,178</u>
		<i>Total Childcare and Development Fund Cluster</i>	<u>\$222,357</u>
		<i>Total Department of Health and Human Services</i>	<u>308,725</u>
		<i>Total Expenditures of Federal Awards</i>	<u>\$819,249</u>

CHILDREN'S BUREAU OF NEW ORLEANS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Children's Bureau of New Orleans, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

B. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

C. Indirect Cost Rate

Children's Bureau of New Orleans has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

CHILDREN'S BUREAU OF NEW ORLEANS
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
YEAR ENDED JUNE 30, 2018

Agency Head Name: Paulette Carter

<u>Purpose</u>	<u>Amount</u>
Salary	\$100,800
Benefits-insurance	N/A
Benefits-retirement	\$3,024
Car allowance	N/A
Vehicle provided by government	N/A
Per diem	N/A
Reimbursements	N/A
Travel	N/A
Registration fees	N/A
Conference travel	N/A
Continuing professional education fees	N/A
Housing	N/A
Unvouchered expenses	N/A
Special meals	N/A
Total	<u>\$103,824</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

President/CEO and Board of Directors
Children's Bureau of New Orleans
New Orleans, Louisiana

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 Children's Bureau of New Orleans (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, 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 February 11, 2019.

Internal Control over Financial Reporting

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

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

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

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 Children's Bureau of New Orleans' 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2018-001

Children's Bureau of New Orleans' Response to Finding

Children's Bureau of New Orleans' response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Children's Bureau of New Orleans' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Paciera, Gautreau & Priest, LLC

Metairie, Louisiana
February 11, 2019

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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

President/CEO and Board of Directors
Children's Bureau of New Orleans
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Children's Bureau of New Orleans' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Children's Bureau of New Orleans' major federal programs for the year ended June 30, 2018. Children's Bureau of New Orleans' 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 Children's Bureau of New Orleans' 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 Children's Bureau of New Orleans' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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 Children's Bureau of New Orleans' compliance.

Opinion on Each Major Federal Program

In our opinion, Children's Bureau of New Orleans 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 June 30, 2018.

Report on Internal Control over Compliance

Management of Children's Bureau of New Orleans 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 Children's Bureau of New Orleans' 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 Children's Bureau of New Orleans' 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.

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

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.

Paciera Gautreau & Priest, LLC

Metairie, Louisiana
February 11, 2019

CHILDREN'S BUREAU OF NEW ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Children's Bureau of New Orleans were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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*. No material weaknesses are reported.
3. An instance of noncompliance material to the financial statements of Children's Bureau of New Orleans, which is required to be reported in accordance with *Government Auditing Standards* was disclosed during the audit.
4. No significant deficiencies related to the audit of the major federal award programs are reported in the Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for Children's Bureau of New Orleans expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The program tested as a major program was:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
16.575	Department of Justice - Crime Victim Assistance

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Children's Bureau of New Orleans was not a low-risk auditee.

CHILDREN'S BUREAU OF NEW ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)
YEAR ENDED JUNE 30, 2018

FINDINGS-FINANCIAL STATEMENTS AUDIT

Finding number:

2018-001 - Timely filing of Financial Statements

Condition:

Children's Bureau of New Orleans did not file their financial statements for the year ended June 30, 2018, on or before the required statutory due date.

Criteria:

Louisiana Revised Statute 24:513 requires that Agencies receiving federal, state, or local government funding from the State of Louisiana submit an independent financial statement engagement to the Louisiana Legislative Auditor's office within six months from their fiscal year end.

Cause:

The annual audit was not completed before the six month submission deadline.

Effect:

Children's Bureau of New Orleans was not in compliance with LA R.S. 24:513.

Recommendation:

Children's Bureau should implement procedures to ensure timely filing of its financial statements.

Views of Responsible Officials and Planned Corrective Actions:

Management agrees with the finding and will implement procedures to ensure timely filing of its financial statements.

FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no audit findings required to be reported.

CHILDREN'S BUREAU OF NEW ORLEANS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2018

FINDINGS-FINANCIAL STATEMENTS AUDIT

Finding number:

2017-001 - Program service fees, temporarily restricted contributions and deferred revenues.

Condition:

Program service fees received in advance were recorded as temporarily restricted contributions instead of deferred revenue.

Recommendation:

When a new program service revenue source is obtained, the client should ensure it is recorded in accordance with generally accepted accounting principles.

Current Status:

The recommendation was adopted in December 2017. No similar findings were noted in the 2018 audit.

CHILDREN'S BUREAU OF NEW ORLEANS

AGREED-UPON PROCEDURES

Year Ended June 30, 2018

PACIERA, GAUTREAU & PRIEST, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Children's Bureau of New Orleans
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Children's Bureau of New Orleans (Children's Bureau) 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 July 1, 2017 through June 30, 2018. Children's Bureau'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 performed, and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedures. Additionally, certain procedures listed below may not have been performed in accordance with guidance provided by the LLA, the specified user of the report. For those procedures, we will note that the procedures were not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

The procedures and associated findings are as follows:

Written Policies and Procedures

These procedures were not performed due to no exceptions occurring for these procedures in the prior year or the existence of mitigating internal controls as asserted by the entity.

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - 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 purchase requisitions and purchase

**To the Board of Directors of Children's Bureau of New Orleans
and the Louisiana Legislative Auditor:**

Page 2

orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

- c) **Disbursements**, including processing, reviewing, and approving
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- 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) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Board or Finance Committee

These procedures were not performed due to no exceptions occurring for these procedures in the prior year or the existence of mitigating internal controls as asserted by the entity.

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

**To the Board of Directors of Children's Bureau of New Orleans
and the Louisiana Legislative Auditor:**

Page 3

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions were noted as a result of applying these procedures.

Collections

These procedures were not performed due to no exceptions occurring for these procedures in the prior year or the existence of mitigating internal controls as asserted by the entity.

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each

**To the Board of Directors of Children's Bureau of New Orleans
and the Louisiana Legislative Auditor:**

Page 4

deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

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9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employees' job duties (if the agency has no written policies and procedures, inquire of employees about their job duties, and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: No exceptions were noted as a result of applying these procedures.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: No exceptions were noted as a result of applying these procedures.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: No exceptions were noted as a result of applying these procedures.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone

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other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.])

Results: No exceptions were noted as a result of applying these procedures.

b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: There were finance charges.

Management's Response:

Finance charges and/or late fees will be reported as a part of the monthly reconciliation. The reconciliation will be reviewed and approved by executive management. Executive management will work with the Board of Directors to mitigate balances that are carried forward on following credit card statements. This will help to avoid finance charges and/or late fees.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Results: No exceptions were noted as a result of applying these procedures.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

These procedures were not performed due to no exceptions occurring for these procedures in the prior year or the existence of mitigating internal controls as asserted by the entity.

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

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- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions were noted as a result of applying these procedures.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: No exceptions were noted as a result of applying these procedures.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

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- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Results: No exceptions were noted as a result of applying these procedures.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Results: No exceptions were noted as a result of applying these procedures.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: No exceptions were noted as a result of applying these procedures.

Ethics

These procedures are not applicable. The entity is a nonprofit.

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Debt Service

These procedures are not applicable. The entity is a nonprofit.

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

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22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Other

These procedures were not performed due to no exceptions occurring for these procedures in the prior year or the existence of mitigating internal controls as asserted by the entity.

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

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.

Paccera, Gautreaux & Priest, LLC

Metairie, Louisiana
February 11, 2019