

**CHILDREN'S COALITION
FOR NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA
JUNE 30, 2020 AND 2019**

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

MONROE, LOUISIANA

JUNE 30, 2020 AND 2019

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The Board of Directors
Children's Coalition for Northeast Louisiana, Inc.
Monroe, Louisiana

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of Children's Coalition for Northeast Louisiana, Inc. (a nonprofit Louisiana corporation) which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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 of 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.

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

HMV

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children's Coalition for Northeast Louisiana, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were 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 is presented for the purpose of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2020 on our consideration of Children's Coalition for Northeast Louisiana, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Children's Coalition for Northeast Louisiana, Inc.'s internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Monroe, Louisiana
December 14, 2020

FINANCIAL STATEMENTS

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
STATEMENTS OF FINANCIAL POSITION

	JUNE 30	
	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 2,324,479	\$ 1,764,341
Accounts Receivable	521,201	365,773
Prepaid Expenses	26,985	22,017
Property and Equipment, net	524,519	528,327
Other Assets	<u>8,925</u>	<u>8,925</u>
TOTAL ASSETS	<u><u>\$ 3,406,109</u></u>	<u><u>\$ 2,689,383</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable	\$ 63,591	\$ 38,245
Accrued Payroll Liabilities	4,702	4,334
Deferred Revenue	159,956	182,015
Note Payable	<u>104,505</u>	<u>-</u>
Total Liabilities	332,754	224,594
Net Assets		
Without Donor Restrictions		
Undesignated	1,273,373	1,130,441
Designated by the Board for operating reserve	<u>350,000</u>	<u>250,000</u>
Total net assets without donor restrictions	<u>1,623,373</u>	<u>1,380,441</u>
With Donor Restrictions		
Support for program activities	<u>1,449,982</u>	<u>1,084,348</u>
Total net assets with donor restrictions	<u>1,449,982</u>	<u>1,084,348</u>
Total Net Assets	<u><u>3,073,355</u></u>	<u><u>2,464,789</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,406,109</u></u>	<u><u>\$ 2,689,383</u></u>

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

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenues			
Grants	\$ 3,907,936	\$ 1,235,485	\$ 5,143,421
Donations and Sponsorships	558,341	906,405	1,464,746
Registration and Tuition Fees	300	276	576
Memberships	12,002	5,000	17,002
Interest	29,497	-	29,497
Contributions and Net Revenue from Special Events			
Special Event Revenue	1,283	-	1,283
Other Revenue	872	-	872
Total	<u>4,510,231</u>	<u>2,147,166</u>	<u>6,657,397</u>
Net Assets Released from Restrictions	<u>1,781,532</u>	<u>(1,781,532)</u>	<u>-</u>
Total Support and Revenue	6,291,763	365,634	6,657,397
Expenses			
Program Services			
Healthy Living	111,906	-	111,906
Early Childhood Education	2,003,826	-	2,003,826
Early Head Start	2,800,680	-	2,800,680
Youth Development	264,926	-	264,926
Parenting Initiative	375,724	-	375,724
Total Program Services	<u>5,557,062</u>	<u>-</u>	<u>5,557,062</u>
Supporting Services			
Management & General	414,706	-	414,706
Fund Raising	77,063	-	77,063
Total Supporting Services	<u>491,769</u>	<u>-</u>	<u>491,769</u>
Total Expenses	<u>6,048,831</u>	<u>-</u>	<u>6,048,831</u>
Change in Net Assets	242,932	365,634	608,566
NET ASSETS AT BEGINNING OF YEAR	<u>1,380,441</u>	<u>1,084,348</u>	<u>2,464,789</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,623,373</u>	<u>\$ 1,449,982</u>	<u>\$ 3,073,355</u>

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

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenues			
Grants	\$ 4,379,280	\$ 254,469	\$ 4,633,749
Donations and Sponsorships	757,624	823,715	1,581,339
Registration and Tuition Fees	3,264	-	3,264
Memberships	22,488	-	22,488
Interest	4,685	-	4,685
Contributions and Net Revenue from Special Events			
Special Event Revenue	4,361	-	4,361
Other Revenue	1,316	-	1,316
Total	<u>5,173,018</u>	<u>1,078,184</u>	<u>6,251,202</u>
Net Assets Released from Restrictions	<u>830,237</u>	<u>(830,237)</u>	<u>-</u>
Total Support and Revenue	6,003,255	247,947	6,251,202
Expenses			
Program Services			
Healthy Living	109,630	-	109,630
Early Childhood Education	1,702,250	-	1,702,250
Early Head Start	2,894,001	-	2,894,001
Youth Development	317,492	-	317,492
Parenting Initiative	364,162	-	364,162
Total Program Services	<u>5,387,535</u>	<u>-</u>	<u>5,387,535</u>
Supporting Services			
Management & General	380,252	-	380,252
Fund Raising	97,505	-	97,505
Total Supporting Services	<u>477,757</u>	<u>-</u>	<u>477,757</u>
Total Expenses	<u>5,865,292</u>	<u>-</u>	<u>5,865,292</u>
Change in Net Assets	137,963	247,947	385,910
NET ASSETS AT BEGINNING OF YEAR	<u>1,242,478</u>	<u>836,401</u>	<u>2,078,879</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,380,441</u>	<u>\$ 1,084,348</u>	<u>\$ 2,464,789</u>

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

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services					Total Program Services	Supporting Services		Total Expenses
	Healthy Living	Early Childhood Education	Early Head Start	Youth Development	Parenting Initiative		Management & General	Fund Raising	
Salaries	\$ 62,616	\$ 877,600	\$ 1,253,047	\$ 140,948	\$ 252,010	\$ 2,586,221	\$ 224,112	\$ 53,729	\$ 2,864,062
Payroll Taxes	4,957	66,258	97,529	11,145	18,608	198,497	13,876	4,100	216,473
Related Benefits	1,655	83,481	140,434	10,225	19,051	254,846	19,458	4,209	278,513
Total Salaries and Related Expenses	69,228	1,027,339	1,491,010	162,318	289,669	3,039,564	257,445	62,038	3,359,047
Advertising	589	56,958	7,304	7,982	958	73,791	2,585	1,562	77,938
Background/Vehicle Checks	-	357	1,922	178	89	2,546	342	50	2,938
Bank Charges	-	902	-	13	-	915	1,336	1	2,252
Board Expenses	-	-	-	-	-	-	548	-	548
Computer Maintenance	963	13,653	14,724	852	1,760	31,952	2,650	-	34,602
Contract for Services	1,250	128,632	206,035	11,015	5,398	352,330	60,322	6,834	419,486
Dues and Subscriptions	465	8,302	14,755	1,096	199	24,817	8,956	-	33,773
Early Head Start Consultants & Volunteers	-	-	361,141	-	-	361,141	-	-	361,141
Equipment Lease	168	3,153	13,447	239	3,600	20,607	946	-	21,553
Fringe Benefits for Volunteers	-	-	85,617	-	-	85,617	-	-	85,617
Insurance	517	6,572	7,134	289	-	14,512	6,394	-	20,906
Internet	100	1,468	8,231	700	1,020	11,519	137	-	11,656
Janitorial	12	5,944	-	8,671	900	15,527	2,588	-	18,115
Maintenance & Repairs	524	16,891	63,964	1,383	1,617	84,379	12,853	180	97,412
Meetings	200	3,325	2,700	2,014	500	8,739	3,653	-	12,392
Miscellaneous	-	-	-	-	-	-	1,201	-	1,201
Parent Services & Activities	-	-	264	-	-	264	-	-	264
Postage and Delivery	65	1,795	565	84	123	2,632	1,108	34	3,774
Printing & Reproduction	2,412	9,557	3,427	1,142	1,878	18,416	1,310	-	19,726
Professional Development	199	5,450	-	913	199	6,761	3,390	-	10,151
Professional Fees	784	9,033	5,807	-	1,980	17,604	2,237	-	19,841
Rent	2,177	39,563	110,630	8,476	24,000	184,846	20,206	750	205,802
Scholarships & Grants	-	350,051	-	-	-	350,051	-	-	350,051
Security	28	5,105	3,032	25	-	8,190	504	-	8,694
Sponsorships	-	-	-	500	-	500	-	-	500
Supplies	6,175	227,515	219,199	31,065	10,344	494,298	10,610	4,532	509,440
Taxes & Licenses	-	-	6,072	-	-	6,072	-	-	6,072
Telephone	312	3,526	20,414	860	1,800	26,912	1,051	-	27,963
Training	20,748	6,994	67,085	1,090	13,350	109,267	100	-	109,367
Travel	2,810	37,483	10,013	19,792	8,666	78,764	2,037	-	80,801
Utilities	609	6,134	36,879	511	2,400	46,533	4,376	-	50,909
Total	110,335	1,975,702	2,761,371	261,208	370,450	5,479,066	408,885	75,981	5,963,932
Depreciation	1,571	28,124	39,309	3,718	5,274	77,996	5,821	1,082	84,899
Total Functional Expenses	\$ 111,906	\$ 2,003,826	\$ 2,800,680	\$ 264,926	\$ 375,724	\$ 5,557,062	\$ 414,706	\$ 77,063	\$ 6,048,831

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

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services					Supporting Services			Total Expenses
	Early Childhood		Early Head Start	Youth Development	Parenting Initiative	Total Program Services	Management & General	Fund Raising	
	Healthy Living	Education							
Salaries	\$ 61,907	\$ 697,227	\$ 1,225,109	\$ 153,820	\$ 255,732	\$ 2,393,795	\$ 225,246	\$ 46,979	\$ 2,666,020
Payroll Taxes	4,969	52,233	96,447	12,882	19,429	185,960	19,296	3,600	208,856
Related Benefits	1,908	70,655	128,980	13,116	19,379	234,038	20,027	4,499	258,564
Total Salaries and Related Expenses	68,784	820,115	1,450,536	179,818	294,540	2,813,793	264,568	55,078	3,133,439
Advertising	213	21,997	3,092	2,232	50	27,584	2,927	1,854	32,365
Background/Vehicle Checks	126	2,468	3,340	178	-	6,112	801	63	6,976
Bad Debt Expense	-	9	-	-	205	214	712	-	926
Bank Charges	-	2,238	-	-	-	2,238	2,470	-	4,708
Board Expenses	-	-	-	-	-	-	717	-	717
Computer Maintenance	763	3,835	8,541	664	1,167	14,970	6,984	-	21,954
Contract for Services	1,225	433,990	201,724	32,907	1,990	671,836	6,599	27,495	705,930
Dues and Subscriptions	482	2,865	11,630	115	-	15,092	6,307	-	21,399
Early Head Start Consultants & Volunteers	-	-	511,415	-	-	511,415	-	-	511,415
Equipment Lease	-	3,961	12,445	-	4,130	20,536	83	-	20,619
Fringe Benefits for Volunteers	-	-	119,068	-	-	119,068	-	-	119,068
Insurance	1,497	2,871	10,698	-	-	15,066	3,951	-	19,017
Internet	-	1,781	7,634	500	845	10,760	51	-	10,811
Janitorial	641	2,207	682	-	800	4,330	2,040	-	6,370
Loss on Disposal of Assets	-	-	-	-	-	-	11,462	-	11,462
Maintenance & Repairs	1,889	9,576	66,798	322	-	78,585	5,131	2,220	85,936
Meetings	477	7,606	2,687	3,491	2,444	16,705	2,036	-	18,741
Miscellaneous	-	-	-	-	-	-	2,425	-	2,425
Postage and Delivery	-	236	451	-	-	687	2,278	12	2,977
Printing & Reproduction	2,854	8,024	3,237	2,597	270	16,982	2,575	4,959	24,516
Professional Development	-	9,245	-	-	-	9,245	3,322	-	12,567
Professional Fees	2,200	3,803	10,466	2,321	1,980	20,770	6,991	-	27,761
Rent	6,000	29,949	102,585	5,179	28,400	172,113	18,083	1,700	191,896
Scholarships & Grants	-	194,600	-	11,759	-	206,359	2,400	-	208,759
Security	-	663	4,362	-	-	5,025	755	-	5,780
Sponsorships	-	200	-	11,116	-	11,316	-	98	11,414
Supplies	6,902	60,974	191,043	25,945	14,456	299,320	12,268	2,318	313,906
Taxes & Licenses	-	-	1,637	-	-	1,637	-	-	1,637
Telephone	639	4,188	21,027	500	1,350	27,704	21	-	27,725
Training	6,801	4,126	60,727	2,422	10	74,086	1,986	-	76,072
Travel	3,810	42,204	13,204	31,287	3,149	93,654	3,496	437	97,587
Utilities	2,898	6,328	37,246	-	3,629	50,101	1,856	-	51,957
Total	108,201	1,680,059	2,856,275	313,353	359,415	5,317,303	375,295	96,234	5,788,832
Depreciation	1,429	22,191	37,726	4,139	4,747	70,232	4,957	1,271	76,460
Total Functional Expenses	\$ 109,630	\$ 1,702,250	\$ 2,894,001	\$ 317,492	\$ 364,162	\$ 5,387,535	\$ 380,252	\$ 97,505	\$ 5,865,292

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

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
STATEMENTS OF CASH FLOWS

	YEAR ENDED JUNE 30	
	2020	2019
Cash Flows From Operating Activities		
Change in Net Assets	\$ 608,566	\$ 385,910
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	84,899	76,460
Loss on Disposal of Equipment	-	11,462
Changes in assets and liabilities:		
Accounts Receivable	(155,428)	80,683
Prepaid Expenses	(4,968)	(4,110)
Accounts Payable	25,346	15,538
Accrued Payroll Liabilities	368	(32,515)
Deferred Revenue	(22,059)	182,015
Net cash provided by operating activities	<u>536,724</u>	<u>715,443</u>
Cash Flow From Investing Activities		
Purchase of equipment	(81,091)	(77,988)
Net cash used in investing activities	<u>(81,091)</u>	<u>(77,988)</u>
Cash Flow From Financing Activities		
Net proceeds from notes payable - PPP Loan	104,505	-
Net cash provided by financing activities	<u>104,505</u>	<u>-</u>
Increase in Cash	560,138	637,455
Cash at Beginning of Year	<u>1,764,341</u>	<u>1,126,886</u>
Cash at End of Year	<u>\$ 2,324,479</u>	<u>\$ 1,764,341</u>

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

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 - DESCRIPTION OF ORGANIZATION

Children's Coalition for Northeast Louisiana, Inc. - a voluntary health and welfare organization (the Coalition) was established in 2000 to act as a coordinating agency to develop a comprehensive and integrated system of resources that support children and their families as they live and grow to their full potential.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Coalition conform to generally accepted accounting principles as applicable to voluntary health and welfare organizations. The more significant accounting policies of the Coalition are described below:

A. Basis of Presentation

The financial statements have been prepared on an accrual basis of accounting in accordance with generally accepted accounting principles.

The Coalition has adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* which establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories according to externally (donor) imposed restrictions. ASC section 958-605 *Not-for-Profit Entities, Revenue Recognition* requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

Net Assets Without Donor Restriction – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

B. Revenue and Revenue Recognition

In accordance with FASB ASC 958-205, *Not-For-Profit Entities – Revenue Recognition*, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending upon the existence of donor-imposed restrictions. The Coalition has elected to recognize restricted contributions that are released from the restriction in the same year as unrestricted contributions.

The Organization recognizes revenue from events at the time of admission. Membership dues, which are nonrefundable, are considered to be contributions and are recognized immediately.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Revenue and Revenue Recognition (Continued)

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contacts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

The Organization has adopted Accounting Standard Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*. The Organization does not believe the application of the provisions has a material effect on the amounts presented or disclosed.

C. Donated Services

Members, agencies, business firms, volunteers and others contribute substantial services toward the fulfillment of projects initiated by the Coalition. No amounts have been recognized in the Statement of Activities because the criteria for recognition of such volunteer effort under ASC 958-55 have not been satisfied, except as discussed below.

In October 2014, the Coalition was awarded an Early Head Start Grant from the Department of Health and Human Services, Administration for Children and Families. This grant requires a portion of the Federal funding be matched with non-federal funds including donated services. The donated services are given a value based on federal guidelines. These donated services included in income and expenses totaled \$524,927 and \$691,562 for years ended June 30, 2020 and 2019, respectively.

D. Property and Equipment

Purchases of improvements, and furniture and equipment are recorded at cost. All donated capital assets are recorded at fair market value on the date of the donation. Depreciation is computed on a straight-line basis over the useful lives of the assets using the following estimated lives:

	<u>Years</u>
Furniture and Equipment	3 – 10
Leasehold Improvements	10

Expenditures for major renewals or betterments, which extend the useful lives of property, improvements, and equipment, are capitalized. Expenditures for maintenance and repairs are expensed as incurred. Previously, the Coalition adopted the same capitalization limit as Early Head Start, which was \$5,000. In early 2019, the Coalition adopted a new capitalization policy, which requires all physical assets acquired with unit costs in excess of \$2,000 to be capitalized.

E. Leased Equipment Capitalized

The imputed cost of leased equipment is capitalized and charged to earnings using the straight-line method of amortization over estimated useful lives of five years for financial reporting purposes. Generally, when items of leased property are retired or otherwise disposed of, the cost and related accumulated amortization are removed from the accounts and any resulting gain or loss is reflected in income. There were no capital leases during the 2020 fiscal year.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Compensated Absences

Employees earn forty hours of vacation after completing six months of employment. After one year, they earn eighty hours and after five years, they earn one hundred twenty hours increasing to one hundred sixty hours after ten years. Employees hired prior to January 1, 2016 earn eight days of sick leave after six months. After one year, they earn sixteen days increasing to twenty days after five years. Employees hired on or after January 1, 2016 will continue earning the same number of sick days based on the year(s) of employment, but it will be on an accrued basis per pay period.

The financial statements do not include any accrual for vacation or sick pay. The Coalition's policy is that vacation days are taken in the year accrued or compensated prior to year-end, but they can be carried over if approved by the Executive Director. Sick days may be accumulated to a maximum of 60 days; however, employees are not paid for any unused sick days upon termination.

G. Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. However, some expenses relate to more than one function and must be allocated among the program and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Coalition. Costs associated with School Readiness Tax Credits are included in fundraising expenses. The Coalition records expenses to departments and programs to facilitate the functionalization between Program Services, Management and General and Fundraising.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Location</u>
Salaries and Benefits	Time and Effort
Occupancy costs	Square footage/Actual usage
Depreciation	Expense percentages

H. Liquidity

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

I. Programs

Children's Coalition's principal programs and primary funding sources are:

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Programs (Continued)

Healthy Living:

AI's Pals: Kids Making Healthy Choices (NEDHSA, regional health contracts): AI's Pals is a life skills program for 4 and 5 year olds. The bi-weekly program serves PK and Kindergarten students in 41 schools with 97 classrooms, as well as 4-year-olds in 9 childcare centers in Ouachita, Morehouse, and Union parishes. Funding for this program was initially through the Louisiana Department of Health and Hospitals—Office of Behavioral Health, but authority for contracting and funding was transferred to the Northeast Delta Human Services Authority in 2014.

U-ACT (LaPFS, SAMSHA, NEDHSA): Funded by the Louisiana Partnership for Success as part of a Substance Abuse and Mental Health Services Administration (SAMSHA) grant, and administered by the Northeast Delta Human Services Authority (NEDHSA), U-ACT is a community coalition based in Union Parish that works together to develop a 5-year plan that will address underage drinking and prescription drug abuse.

Drug Free Communities: Located in Union Parish and building on the work begun with U-ACT (LaPFS), the Drug Free Communities grant is a 5-year award that works with the community to address underage drinking and prescription drug abuse.

Children's Coalition Family Garden (LPFA, sponsors and donors): The Louisiana Public Facilities Administration granted \$40,000 to construct the Family Garden that surrounds the new Coalition office on Hall Street. In addition, AETNA and individual donors sponsored programming and materials for monthly Super Saturdays where community can learn how to garden and play together in the Early Childhood Outdoor Learning Center.

Prevent Child Abuse (community donations): This is a community-led effort to train and disseminate materials related to child abuse prevention (e.g., Darkness to Light; Partners in Prevention). Funds were collected as donations to purchase books for the free training.

Early Childhood Education:

Northeast Louisiana Child Care Connections (LDOE): Currently funded through the Louisiana Department of Education through Child Development Block Grant funds, this initiative was originally funded through the Department of Children and Family Services (DCFS). Child Care Connections is the Child Care Resource and Referral agency for 11 parishes in northeast Louisiana and provides consumer education and referral services, training for child care providers and staff, and technical assistance in child care centers and in family child care homes. A major focus in the past year has been assisting childcare centers and consumers to navigate the changes in the system as part of the implementation of Act 3 of 2012. As the Resource and Referral agency for northeast Louisiana, the Children's Coalition is eligible to receive Louisiana School Readiness Tax Credit funds from businesses and corporations. These funds are used to support quality in and awareness of early care and education.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Programs (Continued)

Early Childhood Curriculum Certification Reimbursement (LDOE): As part of the work done by Child Care Connections, the Louisiana Department of Education provided partial funding to Type III Child Care Centers to purchase approved Early Childhood Curriculum. Centers applied to Child Care Connections for 80% reimbursement from the state for curriculum purchased.

Mental Health Consultation (Tulane): Funding from the Tulane Institute for Infant and Early Childhood Mental Health provides a mental health consultant to child care centers for up to six months. The program is made possible by a grant from the Louisiana Department of Education (formally from the Louisiana Department of Children and Family Services).

Lead Agencies (LDOE, Lead Agencies, Lead Agencies - IDEA): The Coalition is the lead agency in three parishes in northeast Louisiana: Ouachita Parish OPENetwork, Morehouse Parish MORENetwork, and Richland Parish RICHNetwork. Originally listed as separate network “pilots” in the budget, the funding is now under one budget heading. The Lead Agency works with all publicly funded early childhood programs in each parish: Type III child care centers, public school PreK, NSECD, Head Start and Early Head Start (where available). The **Lead Agency** is charged to coordinate enrollment and assessment as part of the full implementation of the Louisiana Early Childhood Act (Act 3 of 2012).

PK-Expansion Classrooms (LDOE): Louisiana was one of 13 States awarded by the Department of Education (DoE) to expand high-quality preschool programs in targeted communities that would serve as models for expanding preschool to all 4-year-olds from low- and moderate-income families. Ouachita Parish was one of six community networks chosen by the Louisiana Department of Education to implement the PK-Expansion grant in Monroe City Schools. The grant is a four-year award that provides 50 PK slots to families with at-risk children in a quality early learning center with a credentialed teacher who receives coaching and professional development. The grant is in its fifth year of implementation.

Ancillary Teaching Certificate/Believe and Prepare (LDOE): This is a pilot program to develop and implement curricula in support of early childhood educators who are pursuing their ancillary teaching certificate and national CDA certification. The Ancillary Teaching Certificate implementation is funded by Pathways scholarships for a cohort of 20 early educators which began in FY 2016-2017 and its currently in its 6th cohort.

Early Childhood Comprehensive Systems (ECCS) Morehouse Kids 1st (HRSA, LDH): This is the fifth year of a five-year award from Health Resources and Services Administration (HRSA) through the Louisiana Department of Health (LDH). Children’s Coalition is one of two agencies working with the State in a national collaborative to build capacity for and test the validity of innovative strategies that increase school readiness for three-year-old children in Morehouse Parish.

Family Child Care Pilot: This is a one-time funding to support the family homes pilot project by recruiting registered family child care home providers and provide resource support, professional development, and conduct/administer tools that measure and address business practices, learning environments, interactions, and developmental progress as deemed by LDOE. This grant was made possible by the Preschool Development Grant Birth to Five (PDG B-5) and Kellogg Grant.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Programs (Continued)

Family Child Care Stipend (LDOE): This is a one-time funding to pay home-based child care pilot participants stipends as an incentive for participating in the family child care pilot program. The Children's Coalition is one of two agencies participating in order for the Louisiana Department of Education to learn more about the quality of family child care. These stipends were made possible by the Preschool Development Grant Birth to Five (PDG B-5).

Infant CLASS Support (LDOE): This is a one time funding to support teachers and prepare them for upcoming Infant CLASS observations. This funding was offered to Lead Agencies by the Louisiana Department of Education to support teachers and directors with high-quality, evidence-based professional development targeted toward infant-teacher interactions. This grant was made possible by the Preschool Development Grant Birth to Five (PDG B-5).

Ready Start Community Networks: To address current challenges faced by early childhood community network lead agencies, Louisiana's legislature amended RS 17:407.23 during the 2018 regular legislative session. This legislation authorized Louisiana's Board of Elementary and Secondary Education (BESE) to use available public and private funds to implement new strategies to increase access to and improve the quality of early childhood care and education programs by establishing pilot programs in high-performing community networks. These pilot programs will inform the advancement of Louisiana's unified early childhood care and education system.

Early Head Start:

Ouachita Parish Early Head Start (ACF, CACFP, UW): Funding from the Office of Head Start—Administration for Children and Families (ACF) provided sixty slots for infants and toddlers in three centers and home-based care in Ouachita Parish. Early Head Start (EHS) targets low-income pregnant women and families with children from birth through age 3, most of whom are at or below the federal poverty level or who are eligible for Part C services under the Individuals with Disabilities Education Act in their State. The program provides early, continuous, intensive, and comprehensive child development and family support services. Funding from the CACFP Feeding Program is used as a supplement for food cost and a grant from United Way for formula and diapers is part of the non-federal match. In the Spring of 2020, the agency received additional funding from the Office of Head Start through the CARES Act. The additional funds are to be used for COVID related expenses.

Ouachita Parish Early Head Start Expansion/Partnership (ACF, CACFP): Funding from the Office of Head Start—Administration for Children and Families (ACF) expanded the Early Head Start by 40 slots for infants and toddlers in five new classrooms, and 32 slots for infants and toddlers in partnership Type III child care centers, Kiddie Garden and Living Way. Early Head Start (EHS) targets low-income pregnant women and families with children from birth through age 3, most of whom are at or below the federal poverty level or who are eligible for Part C services under the Individuals with Disabilities Education Act in their State. The program provides early, continuous, intensive, and comprehensive child development and family support services. Funding from the CACFP Feeding Program is used as a supplement for food cost. In the Spring of 2020, the agency received additional funding from the Office of Head Start through the CARES Act. The additional funds are to be used for COVID related expenses.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Programs (Continued)

Youth Development:

S.O.S.—Signs of Suicide (Living Well, regional youth contract): An evidence-based program, Signs of Suicide provides the education and screening for students in Monroe City and Ouachita Parish middle schools to identify signs of depression, self-injury and suicide in themselves and others and respond effectively. Funding for this program was initially through the Louisiana Department of Health and Hospitals—Office of Behavioral Health, but authority for contracting and funding was transferred to the Northeast Delta Human Services Authority in 2014. Funding was cut suddenly at the beginning of FY 2015-2016 and a small grant from Living Well with matching funds from schools participating in the project allowed the program to continue. Matching funding from Union Parish School Board, Bastrop High School, Lee Middle School, and Ouachita Jr. High enabled the program to be delivered to middle school students in Union, Morehouse, and Ouachita parishes.

Mapping Adolescent Health (LPHI): Funded by Louisiana Public Health as part of a larger capacity-building initiative to address adolescent reproductive health, this initiative collected and analyzed local data from three sectors (Medical, Educational and Community-Based Organizations) to examine gaps and redundancies in adolescent reproductive health care and education in Ouachita Parish. LPHI is funded in part by a grant from the Packard Foundation that supports this work.

Adolescence Reproduction (David and Lucille Packard Foundation): Funded by the David and Lucille Packard Foundation, the project works with the community coalition established by the Mapping Adolescent Health program and builds out the work to develop and implement materials related to sexual health education in both informal and formal school settings.

Ouachita Youth Leadership Summit (community donations): This was a one-day summit in October 2017 for middle and high school youth from 34 public and private schools in Ouachita Parish. Students were selected by school counselors to attend.

BlueCross BlueShield: This is a one time funding given during COVID from BlueCross BlueShield. This funding is being used to provide suicide screenings to junior high students, provide laptops for upcoming college participants who have participated with U-ACT ambassadors, and to provide relief help to the community we have been affected by the loss of income due to crisis.

Parenting Initiative:

Jus4Me Teen Parenting (LCTF): Funded by Louisiana Children's Trust, the program uses an evidence-based parent education of increasing intensity through one-on-one, small group, and large group formats. This multi-level support for parents of teens increases protective factors for youth ages 11-17 by providing educational and support services for parents of teens in northeast Louisiana.

Family Resource Center for Northeast Louisiana (DCFS): Beginning February 1, 2016, CCNELA was awarded a 20-month contract for a Family Resource Center for the Monroe area by the Department of Children and Family Services. In October 2017, an ongoing contract was awarded to CCNELA to continue the Family Resource Center in Northeast Louisiana for the next

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Programs (Continued)

three years and beyond as funding is allocated. The Family Resource Center works closely with DCFS to support families in their system who are in the reunification process. The center provides parenting classes, case management, visit coaching and supportive services such as life skills and peer-parenting.

Teen Parenting (All4You): This is a one-time funding to provide nurturing parenting classes and support to teen parents in Morehouse and Union Parishes. This was a grant was made possible by the Aetna Foundation.

J. Income Taxes

The Coalition is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code but must file an annual return with the Internal Revenue Service that contains information on its financial operations. The Coalition is required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it continues to qualify as a tax-exempt entity. It must also consider whether it has nexus in jurisdictions in which it has income and whether a tax return is required in those jurisdictions.

In addition, as a tax-exempt entity, the Coalition must assess whether it has any tax positions associated with unrelated business income subject to income tax. The Coalition does not expect any of these tax positions to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in the Coalition's accounting records.

The Coalition is required to file U.S. federal Form 990 for informational purposes. Its federal income tax returns for the tax years 2016 and beyond remain subject to examination by the Internal Revenue Service.

As of June 30, 2020, the Coalition had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Contributions to the Coalition are tax deductible within the limitations prescribed by the Code.

K. Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Coalition considers demand deposits, time deposits and certificates of deposit with an original maturity of three months or less to be cash equivalents.

L. Grants and Accounts Receivable

Accounts receivable and receivables on grants are stated at the amount management expects to collect from outstanding balances. All balances are expected to be collected within one year. There were no promises receivable recorded.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Accounting 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 assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

N. Advertising Costs

Advertising costs are expensed as incurred. Advertising costs totaled \$77,938 and \$32,365 for the years ended June 30, 2020 and 2019, respectively.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following represents the Coalition's financial assets at June 30, 2020 and 2019, reduced by amounts not available for general expenditure within one year of the date of the statement of financial position because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside by the Board for operating reserve than can be made available to meet operating needs if necessary.

Financial assets at year end:	2020	2019
Cash and cash equivalents	\$ 2,324,479	\$ 1,764,341
Contribution and grants receivable	521,201	365,773
Total financial assets	<u>2,845,680</u>	<u>2,130,114</u>
Amounts not available for general expenditure:		
Net assets with donor restrictions	(1,449,982)	(1,084,348)
Board-designated funds for operating reserve	<u>(350,000)</u>	<u>(250,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,045,698</u>	<u>\$ 795,766</u>

The Coalition has an operating reserve that had a balance of \$350,000 and \$250,000 at June 30, 2020 and 2019, respectively. This is a Board-designated reserve with the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. The operating reserve balance is included in the cash line on the statement of financial position.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2020	2019
Leasehold Improvements	\$ 458,410	\$ 446,050
Furniture and Equipment	286,686	353,217
	745,096	799,267
Less: Accumulated Depreciation	(220,577)	(270,940)
Total property and equipment, net	\$ 524,519	\$ 528,327

NOTE 5 – NOTES PAYABLE

	JUNE 30	
	2020	2019
Paycheck Protection Program		
1% interest rate, unsecured. 18 equal monthly installments, due May 2022.	\$ 104,505	\$ -
Total	104,505	
Less Current Portion of Notes Payable	(40,641)	-
Total Long-Term Notes Payable	\$ 63,864	\$ -

On May 7th, 2020, the Coalition was approved for a loan under the Paycheck Protection Program, a program authorized by Congress through the CARES Act to help small business experiencing financial hardship during the pandemic. The amount of the loan was \$104,505 at a 1% interest rate per year. The loan is to be paid in eighteen equal monthly installments of principal and interest, with the first payment due ten months following the end of the covered period. This note is unsecured. All remaining principal and accrued interest is due and payable two years from the date of the note.

Under the Paycheck Protection Program, the Coalition may apply for forgiveness of the amount due on the loan in an amount equal to the sum of the following costs incurred by the Coalition during the 24-week period beginning on the date of first disbursement of the loan: payroll costs, payment of interest on a covered obligation, payment on a covered rent obligation, and any covered utility payment. The amount of loan forgiveness shall be calculated (and may be reduced) in accordance with the requirements of the Program. The Coalition plans to use the loan proceeds only on costs that could be forgiven.

The aggregate principal payments of long-term indebtedness maturing during the next five years and thereafter are as follow:

Year	Principal Due
2021	\$ 40,641
2022	63,864
Total	\$ 104,505

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 6 – DEFERRED REVENUE

During the year ended June 30, 2020, the Coalition earned \$22,059 in revenues that had been deferred in the prior year. The remainder unearned revenue balance of \$159,956 is shown on the balance sheet and will be earned in the next fiscal years. These amounts primarily represent grant funds that are refundable if not utilized.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions, which are restricted to support program activities, as of June 30 consist of the following:

	2020	2019
Healthy Living	\$ 2,233	\$ 3,100
Early Childhood Education	1,390,034	1,038,195
Early Head Start	872	596
Youth Development	27,374	43,355
Parenting Initiative	14,749	-
Fund Raising	16,953	2,202
	<u>\$ 1,449,982</u>	<u>\$ 1,084,348</u>

NOTE 8 - LEASES

The Coalition leases five copy machines under operating leases. One leased copier is located at the Filhiol Early Head Start location and has a lease expiration date of February, 2021. The second leased copier is at the Hall St location and has a lease expiration date of May, 2020. Upon its termination, the lease is renewed on a monthly basis until cancellation. The third copier was located at the Winnsboro Road location (Early Head Start) and had a lease expiration date of May, 2018. This lease was renewed in June, 2018 and the copier was moved to the Hall St. location, with a new expiration date of June, 2021. The fourth leased copier is located at the Winnsboro Road location (Early Head Start) and the lease expired on January, 2020. The lease was renewed for another three years. The fifth leased copier is located at the Beverly St. location (Early Head Start) and has a lease expiration date of February 2021.

The Coalition moved to a new location located on Hall St. in December, 2017. The term of the lease is for five years, beginning the 1st day of December, 2017, and ending the 30th day of November, 2022. At the end of the term, the lease will be automatically renewed for an additional five years with the same terms and conditions. The monthly fair rent is \$12,688 with a current monthly payment of \$8,750. The balance of the rent is currently being donated.

Early Head Start leases four properties. Two leases are with the Housing Authority of the City of Monroe. The first lease has a term from October 1, 2014 through October 31, 2017, and there was no monthly rental. The lease was renewed with a new term from November 1, 2017 to October 31, 2022 and a monthly rent payment of \$200. The second lease with the Housing Authority of the City of Monroe has a term beginning July 1, 2017 to September 30, 2021, and a monthly rent payment of \$200.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 8 – LEASES (Continued)

The third Early Head Start lease is with the State of Louisiana/Board of Supervisors for University of Louisiana System. The original lease term was from October 1, 2014 through June 30, 2015. The lease has been renewed annually by both parties, with a final termination date of September, 2020. The fair rental is \$2,075 with a current monthly payment of \$610. The balance of the rental is currently being donated.

The Coalition's fourth lease is a Cooperative Endeavor Agreement with the City of West Monroe, Louisiana, the term of which is October 1, 2014 until September 30, 2017. The Agreement was automatically renewed for successive term of one year. The fair rental of \$1,700 per month is currently being donated so there is no monthly rental paid. There is a charge of \$150 per month to go towards utility or similar costs incurred at the facility.

Total lease and rent expense, including equipment leases for the years ended June 30, 2020 and 2019 was \$227,355 and \$212,515, respectively. In-Kind contributions were included in these totals. In-kind contributions for buildings for Early Head Start were \$75,280 and \$59,430 for the years ended June 30, 2020 and 2019, respectively.

The minimum rental under all leases having an initial or remaining term in excess of one year from June 30, 2020, are as follows:

Year Ending	Amount
2021	\$ 121,276
2022	109,584
2023	45,474

NOTE 9 – FINANCIAL INSTRUMENTS

FAIR VALUES

The Coalition's financial instruments consist of cash (restricted and unrestricted), receivables, accounts payable, other current liabilities, and the line of credit. The carrying values of these instruments approximate their fair values.

CONCENTRATIONS OF CREDIT RISK

The Coalition has concentrated credit risk for cash by maintaining deposits in one bank. At June 30, 2020, there were deposits of approximately \$2,148,716 in deposit liabilities reported by the bank in excess of the amount that would have been covered by federal insurance.

COLLATERALIZATION POLICY

The Coalition does not require collateral to support financial instruments subject to credit risk unless otherwise disclosed.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 10 – SIMPLE-IRA PLAN

Effective June 5, 2014, the Coalition adopted a SIMPLE-IRA Plan for eligible employees, with employee contributions beginning with July, 2014 payrolls. Currently eligible employees are those who are expected to receive at least \$5,000 in compensation in the current year. The Coalition matches employee contributions up to 3% of employee compensation. Employer contributions for the years ending June 30, 2020 and 2019 were \$16,892, and \$17,560 respectively.

NOTE 11 -DISCLOSURES ABOUT CONCENTRATIONS

The Coalition receives the majority of its revenue in the form of grants from various Federal and State agencies. These grants are subject to review by the grantor agencies, which could result in disallowed costs, and there are no guarantees as to future funding.

During the fiscal years ended June 30, 2020 and 2019, the Coalition received \$889,050 and \$779,100 respectively from School Readiness Tax Credits, a tax credit from the state of Louisiana. This tax credit depends on a number of factors including businesses being willing to give the Coalition donations and the Louisiana State Legislature continuing the credit in future years. As with the above-mentioned grants, there are no guarantees of future income.

The Children's Coalition was awarded a grant from the Department of Health and Human Services, Administration for Children and Families for \$5,703,795 for Early Head Start for the period August 1, 2014 through May 31, 2020, effective beginning October 1, 2014. This award was renewed for another five years, ending May 31, 2025.

The Coalition was also awarded \$4,602,877 for Early Head Start Expansion for the period March 1, 2017 through August, 31, 2021.

NOTE 12 – RISK OF LOSS

The Coalition is exposed to a variety of risks that may result in losses. These risks may include possible loss from acts of God, injury to employees, property damage, or breach of contract. The Coalition finances these potential losses through purchasing insurance. The level of coverage has remained constant.

NOTE 13 – ACCOUNTING STANDARDS NOT YET ADOPTED

In February 2016, the FASB issued ASU No. 2016-02, "Leases: (Topic 842). Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date:

- Lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and
- A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 13 – ACCOUNTING STANDARDS NOT YET ADOPTED (Continued)

Additional qualitative and quantitative disclosures will be required so that users can understand more about the nature of an entity's leasing activities. Also, the new lease guidance simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing.

ASU No. 2016-02 will be effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Lessees (for capital and operating leases) and lessors (for sale-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. The Coalition is currently evaluating the potential impact of adopting this guidance on its financial statements.

NOTE 14 – SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through December 14, 2020, which is the date the financial statements were available to be issued, and have been appropriately recorded or disclosed.

The World Health Organization declared the coronavirus outbreak a pandemic in March 2020. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of substantially all countries around the world, including the geographical area in which the Coalition operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Coalition, it is expected to have some negative impact on future funding.

As of the date of this report, the PPP loan has not been forgiven. The Coalition is waiting on the bank to release the forgiveness application forms. The Coalition expects the full balance of the loan to be forgiven.

In July 2020, the Coalition did not renew the contract with Northeast Delta Human Services Authority that funded the AI's Pals program.

The Coalition was awarded a State grant for COVID-19 recovery purposes. The award was for \$370,000 and it is to support the childcare sector for the 2020-2021 school year in the aftermath of COVID-19.

SUPPLEMENTARY INFORMATION

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	CFDA Number	Pass-Through Grantor No.	Passed Through to Subrecipient	Federal Expenditures
<u>United States Department of Agriculture</u>				
Passed Through Louisiana Department of Education:				
Child and Adult Care Food Program	10.558	2015-131055530		\$ 60,748
Total United States Department of Agriculture				<u>60,748</u>
<u>United States Department of Education</u>				
Passed Through Louisiana Department of Education:				
Preschool Development Grant - Expansion and Preschool Expansion Improvement	84.419B	28-18-RM-A5		91,319
Total United States Department of Education				<u>91,319</u>
<u>United States Department of Health and Human Services</u>				
Direct Programs:				
Drug-Free Communities Support Program	93.276			127,344
Early Head Start Grant	93.600		1,029,447	
Combined Early Head Start Expansion and EHS-Child Care Partnership	93.600		<u>1,496,933</u>	2,526,380
Passed Through Louisiana Department of Education:				
Child Care and Development Block Grant Cluster:				
Believe and Prepare - Early Childhood	93.575	28-15-BH-A5	180,220	
Community Network Child Care Classroom Expansion	93.575		91,570	
Early Childhood Community Network Pilots Remaining Start-Up	93.575		52,848	
Child Care Curriculum Initiative Certificate Reimbursement	93.575		\$ 5,871	5,871
Total CCDF Cluster			<u>5,871</u>	330,509
Preschool Development Grant Birth through 5	93.434	2000442478		205,855
Passed Through Louisiana Department of Children and Family Services:				
Community-Based Child Abuse Prevention Grants	93.590	2000428268		20,545
Promoting Safe and Stable Families	93.566	2000308557		342,931
Passed Through Louisiana Office of Public Health:				
Maternal and Child Health - Early Childhood Comprehensive Systems	93.110	2000235011		128,969
Passed Through Northeast Delta Human Services Authority:				
Substance Abuse Prevention and Treatment Block Grant	93.959	2000355357		131,249
Total United States Department of Health and Human Services				<u>3,813,782</u>
Total Federal Expenditures			<u>\$ 5,871</u>	<u>\$ 3,965,849</u>

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

1. **Basis of Presentation:**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Children's Coalition for Northeast Louisiana, Inc. (the Coalition) under programs of the federal government for the year ended June 30, 2020. 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). Because the Schedule presents only a selected portion of the operations of Children's Coalition for Northeast Louisiana, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Coalition.

2. **Summary of Significant Accounting Policies**

- a) 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.
- b) The Coalition has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Children's Coalition for Northeast Louisiana, Inc. did not expend any federal awards in the form of noncash assistance during the fiscal year. The Coalition passes certain federal awards received from the U.S. Department of Health and Human Services to other not-for-profit agencies (subrecipients). As Note 2 describes, the Coalition reports expenditures of Federal awards to subrecipients on an accrual basis.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

FOR THE YEAR ENDED JUNE 30, 2020

Agency Head Name: Lynn Clark, Executive Director (07/01/19 – 04/15/20)

<u>Purpose</u>	<u>Amount</u>
Salary	\$14,703
Benefits-insurance	697
Benefits – FICA	1,107
Total	\$16,507

Only amounts paid with public funds were included on this schedule.

Agency Head Name: Leann Bond, Executive Director (04/01/20 – 06/30/20)

<u>Purpose</u>	<u>Amount</u>
Salary	\$3,365
Benefits-insurance	147
Benefits – FICA	254
Total	\$3,766

Only amounts paid with public funds were included on this schedule.

OTHER REPORTS

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

1900 NORTH 18TH STREET, SUITE 300

MONROE, LOUISIANA 71201

318-388-3108 PHONE * 318-323-4266 FAX

The Board of Directors
Children's Coalition for Northeast Louisiana, Inc.
Monroe, Louisiana

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*

We have audited, 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, the financial statements of Children's Coalition for Northeast Louisiana, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 14, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Children's Coalition for Northeast Louisiana, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Coalition for Northeast Louisiana, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Children's Coalition for Northeast Louisiana, Inc.'s 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Children's Coalition for Northeast Louisiana, Inc.'s financial statements are free of 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Heard, McElroy & Vestal, LLC

Monroe, Louisiana
December 14, 2020

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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318-388-3108 PHONE * 318-323-4266 FAX

The Board of Directors
Children's Coalition for Northeast Louisiana, Inc.
Monroe, Louisiana

Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by The Uniform Guidance

Report on Compliance for Each Major Federal Program

We have audited the Children's Coalition for Northeast Louisiana, Inc.'s 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 Coalition for Northeast Louisiana, Inc.'s major federal programs for the year ended June 30, 2020. Children's Coalition for Northeast Louisiana, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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 Coalition for Northeast Louisiana, Inc.'s compliance.



Opinion on Each Major Federal Program

In our opinion, Children's Coalition for Northeast Louisiana, Inc. 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, 2020.

Report on Internal Control Over Compliance

Management of Children's Coalition for Northeast Louisiana, Inc. 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 Coalition for Northeast Louisiana, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Children's Coalition for Northeast Louisiana, Inc.'s internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Heard, McElroy & Vestal, LLC

Monroe, Louisiana
December 14, 2020

CHILDREN’S COALITION FOR NORTHEAST LOUISIANA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2020

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Children’s Coalition for Northeast Louisiana, Inc.
2. No instances of noncompliance material to the basic financial statements of Children’s Coalition for Northeast Louisiana, Inc. were disclosed during the audit.
3. No material weaknesses or significant deficiencies in internal control, relating to the audit of the financial statements are reported.
4. No material weaknesses in internal control over compliance, relating to the audit of a major federal award program, are reported.
5. The auditor's report on compliance for the major federal award programs for Children’s Coalition for Northeast Louisiana, Inc. expresses an unmodified opinion.
6. There were no audit findings relative to major federal award programs for Children’s Coalition for Northeast Louisiana, Inc.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA No.</u>
DHHS – Early Head Start Grant	93.600

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Children’s Coalition for Northeast Louisiana, Inc. was determined to be a low-risk auditee.

B. Findings - Financial Statement Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs

None

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2020

No findings were reported as a result of the prior year's audit.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

MANAGEMENT'S CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2020

No findings were reported for the current year.