

**CHILDREN'S COALITION  
FOR NORTHEAST LOUISIANA, INC.  
MONROE, LOUISIANA  
JUNE 30, 2023 AND 2022**

**CHILDREN’S COALITION FOR NORTHEAST LOUISIANA, INC.**

**MONROE, LOUISIANA**

**JUNE 30, 2023 AND 2022**

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

### Independent Auditors' Report

#### **Report on the Audit of the Financial Statements**

##### ***Opinion***

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, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Coalition as of June 30, 2023 and 2022, 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.

##### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Coalition and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

##### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Coalition's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Coalition's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Coalition's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

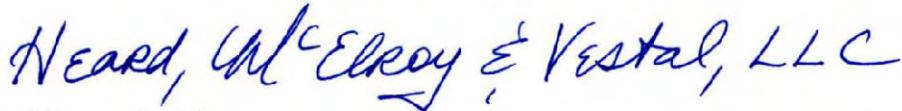
### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 26 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 is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 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 on page 26 and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023 on our consideration of the Coalition'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 Coalition's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coalition's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Heard, McElroy & Vestal, LLC". The signature is written in a cursive, flowing style.

Monroe, Louisiana  
December 12, 2023

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

	<b>JUNE 30</b>	
	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 3,113,560	\$ 2,540,561
Accounts receivable	957,806	1,140,299
Prepaid expenses	43,673	33,391
Total current assets	<u>4,115,039</u>	<u>3,714,251</u>
<b>Property and equipment</b>		
Property, equipment and other fixed assets	769,480	784,452
Less: accumulated depreciation	(422,316)	(394,726)
Net property and equipment	<u>347,164</u>	<u>389,726</u>
<b>Other assets</b>		
Lease right of use assets	460,609	-
Other assets	8,925	8,925
Total other assets	<u>469,534</u>	<u>8,925</u>
<b>Total assets</b>	<u>\$ 4,931,737</u>	<u>\$ 4,112,902</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 119,477	\$ 98,603
Accrued payroll liabilities	8,842	5,491
Deferred revenue	119,649	357,659
Short-term lease liability	137,073	-
Total current liabilities	<u>385,041</u>	<u>461,753</u>
<b>Long-term liabilities</b>		
Long-term lease liability	<u>323,536</u>	<u>-</u>
Total liabilities	708,577	461,753
<b>Net assets</b>		
Without donor restrictions		
Undesignated	1,922,881	1,739,679
Designated by the Board for operating reserve	350,000	350,000
Total net assets without donor restrictions	<u>2,272,881</u>	<u>2,089,679</u>
With donor restrictions		
Support for program activities	<u>1,950,279</u>	<u>1,561,470</u>
Total net assets with donor restrictions	<u>1,950,279</u>	<u>1,561,470</u>
Total net assets	<u>4,223,160</u>	<u>3,651,149</u>
<b>Total liabilities and net assets</b>	<u>\$ 4,931,737</u>	<u>\$ 4,112,902</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, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and revenues</b>			
Grants	\$ 7,009,401	\$ 1,818,502	\$ 8,827,903
In-Kind contributions	354,207	-	354,207
Donations and sponsorships	96,032	978,330	1,074,362
Memberships	5,378	-	5,378
Interest	58,949	-	58,949
Insurance proceeds	-	25,000	25,000
Contributions and net revenue from Special events			
Special event revenue	2,148	-	2,148
Total	<u>7,526,115</u>	<u>2,821,832</u>	<u>10,347,947</u>
Net assets released from restrictions	<u>2,433,023</u>	<u>(2,433,023)</u>	<u>-</u>
Total support and revenue	9,959,138	388,809	10,347,947
<b>Expenses</b>			
Program services			
Healthy living	5,045	-	5,045
Early childhood education	5,509,089	-	5,509,089
Early head start	2,799,230	-	2,799,230
Youth development	227,064	-	227,064
Parenting initiative	552,394	-	552,394
Total program services	<u>9,092,822</u>	<u>-</u>	<u>9,092,822</u>
Supporting services			
Management & general	614,524	-	614,524
Fund raising	68,590	-	68,590
Total supporting services	<u>683,114</u>	<u>-</u>	<u>683,114</u>
Total expenses	<u>9,775,936</u>	<u>-</u>	<u>9,775,936</u>
Change in net assets	183,202	388,809	572,011
<b>Net assets at beginning of year</b>	<u>2,089,679</u>	<u>1,561,470</u>	<u>3,651,149</u>
<b>Net assets at end of year</b>	<u>\$ 2,272,881</u>	<u>\$ 1,950,279</u>	<u>\$ 4,223,160</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, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and revenues</b>			
Grants	\$ 5,161,986	\$ 1,576,402	\$6,738,388
In-Kind contributions	282,957	-	282,957
Donations and sponsorships	68,889	925,193	994,082
Memberships	18,799	-	18,799
Interest	5,104	-	5,104
Contributions and net revenue from Special events			
Special event revenue	3,087	-	3,087
Total	<u>5,540,822</u>	<u>2,501,595</u>	<u>8,042,417</u>
Net assets released from restrictions	<u>2,352,688</u>	<u>(2,352,688)</u>	<u>-</u>
Total support and revenue	7,893,510	148,907	8,042,417
<b>Expenses</b>			
Program services			
Healthy living	3,179	-	3,179
Early childhood education	3,855,833	-	3,855,833
Early head start	2,548,126	-	2,548,126
Youth development	234,752	-	234,752
Parenting initiative	391,651	-	391,651
Total program services	<u>7,033,541</u>	<u>-</u>	<u>7,033,541</u>
Supporting services			
Management & general	497,257	-	497,257
Fund raising	100,434	-	100,434
Total supporting services	<u>597,691</u>	<u>-</u>	<u>597,691</u>
Total expenses	<u>7,631,232</u>	<u>-</u>	<u>7,631,232</u>
Change in net assets	262,278	148,907	411,185
<b>Net assets at beginning of year</b>	<u>1,827,401</u>	<u>1,412,563</u>	<u>3,239,964</u>
<b>Net assets at end of year</b>	<u>\$ 2,089,679</u>	<u>\$ 1,561,470</u>	<u>\$3,651,149</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, 2023**

	Program Services					Supporting Services			Total Expenses
	Healthy Living	Early Childhood Education	Early Head Start	Youth Development	Parenting Initiative	Total Program Services	Management & General	Fund Raising	
Salaries	\$ -	\$ 956,135	\$ 1,289,600	\$ 115,300	\$ 216,944	\$ 2,577,979	\$ 375,960	\$ 3,998	\$ 2,957,937
Payroll taxes	-	70,777	97,459	8,828	16,395	193,459	27,000	306	220,765
Related benefits	-	109,519	104,094	7,733	25,498	246,844	34,213	29	281,086
Total salaries and related expenses	-	1,136,431	1,491,153	131,861	258,837	3,018,282	437,173	4,333	3,459,788
Advertising	-	99,027	4,896	144	-	104,067	2,995	807	107,869
Background/vehicle checks	-	3,775	3,442	-	373	7,590	375	-	7,965
Bank charges	-	1,380	-	-	-	1,380	1,124	456	2,960
Board expenses	-	-	-	-	-	-	3,250	-	3,250
Computer maintenance	-	9,009	21,371	1,131	2,504	34,015	3,030	-	37,045
Contract for services	5,000	1,907,233	223,165	34,940	109,551	2,279,889	40,187	51,776	2,371,852
Dues and subscriptions	-	18,713	29,061	4,952	-	52,726	12,285	-	65,011
Early head start consultants & volunteers	-	-	230,288	-	-	230,288	-	-	230,288
Equipment lease	-	9,606	13,670	423	2,231	25,930	2,402	-	28,332
Fringe benefits for volunteers	-	-	48,210	-	-	48,210	-	-	48,210
Insurance	-	11,496	7,295	904	-	19,695	2,160	403	22,258
Internet	-	3,400	13,878	450	1,020	18,748	285	-	19,033
Janitorial	-	369	-	31	-	400	44	-	444
Loss on disposal of assets	-	-	-	-	-	-	694	-	694
Maintenance & repairs	-	14,666	96,355	342	4,714	116,077	5,272	-	121,349
Meetings	-	12,494	1,308	3,609	-	17,411	2,786	-	20,197
Miscellaneous	-	-	-	-	-	-	107	-	107
Postage and delivery	-	6,386	737	37	-	7,160	305	-	7,465
Printing & reproduction	-	36,918	4,413	3,624	2,556	47,511	2,154	269	49,934
Professional development	-	22,934	-	-	-	22,934	13,576	-	36,510
Professional fees	-	9,200	5,440	1,800	2,500	18,940	8,162	-	27,102
Rent	-	52,265	115,319	8,427	24,000	200,011	17,236	2,000	219,247
Scholarships & grants	-	822,768	-	-	97,722	920,490	200	-	920,690
Security	-	8,010	5,326	-	-	13,336	-	2,270	15,606
Supplies	-	1,168,899	261,041	24,412	17,292	1,471,644	31,176	4,471	1,507,291
Taxes & licenses	-	-	5,725	-	-	5,725	43	-	5,768
Telephone	-	8,134	20,915	1,029	2,010	32,088	4,013	-	36,101
Training	-	15,552	106,238	250	-	122,040	204	-	122,244
Travel	-	62,353	13,183	6,315	19,280	101,131	10,345	1,189	112,665
Utilities	-	18,662	51,696	347	2,850	73,555	7,430	-	80,985
Total	5,000	5,459,680	2,774,125	225,028	547,440	9,011,273	609,013	67,974	9,688,260
Depreciation	45	49,409	25,105	2,036	4,954	81,549	5,511	616	87,676
Total functional expenses	\$ 5,045	\$ 5,509,089	\$ 2,799,230	\$ 227,064	\$ 552,394	\$ 9,092,822	\$ 614,524	\$ 68,590	\$ 9,775,936

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, 2022**

	Program Services					Supporting Services			
	Healthy Living	Early Childhood Education	Early Head Start	Youth Development	Parenting Initiative	Total Program Services	Management & General	Fund Raising	Total Expenses
Salaries	\$ -	\$ 916,499	\$ 1,267,567	\$ 124,285	\$ 239,665	\$ 2,548,016	\$ 310,988	\$ 37,934	\$ 2,896,938
Payroll taxes	-	67,764	96,540	9,728	18,739	192,771	21,701	2,962	217,434
Related benefits	-	97,793	111,762	5,703	14,126	229,384	35,160	597	265,141
Total salaries and related expenses	-	1,082,056	1,475,869	139,716	272,530	2,970,171	367,848	41,493	3,379,512
Advertising	-	88,888	555	-	-	89,443	3,267	3,477	96,187
Background/vehicle checks	-	50	844	-	-	894	298	-	1,192
Bank charges	-	939	-	15	-	954	1,050	113	2,117
Board expenses	-	-	-	-	-	-	742	-	742
Computer maintenance	-	9,034	14,975	342	2,213	26,564	6,150	-	32,714
Contract for services	-	1,023,823	251,065	45,767	9,137	1,329,792	29,884	40,888	1,400,564
Dues and subscriptions	-	30,065	22,353	1,812	-	54,230	9,468	-	63,698
Early head start consultants & volunteers	-	-	166,576	-	-	166,576	-	-	166,576
Equipment lease	-	6,136	13,159	253	3,371	22,919	2,463	-	25,382
Fringe benefits for volunteers	-	-	39,181	-	-	39,181	-	-	39,181
Insurance	-	12,867	4,915	704	-	18,486	5,862	577	24,925
Internet	-	2,307	11,964	200	1,020	15,491	165	-	15,656
Janitorial	-	565	6	44	-	615	172	-	787
Maintenance & repairs	-	31,033	55,909	380	5,773	93,095	2,744	4,870	100,709
Meetings	-	5,612	1,867	2,282	-	9,761	6,660	605	17,026
Miscellaneous	-	-	-	-	-	-	1,696	-	1,696
Postage and delivery	-	9,790	197	95	72	10,154	2,082	-	12,236
Printing & reproduction	1,335	37,295	3,084	2,079	480	44,273	984	893	46,150
Professional development	-	6,027	-	-	-	6,027	2,475	-	8,502
Professional fees	-	8,269	5,901	500	1,980	16,650	4,091	-	20,741
Rent	-	43,313	110,400	7,028	24,000	184,741	15,717	2,000	202,458
Scholarships & grants	-	350,347	-	-	25,805	376,152	470	-	376,622
Security	-	5,715	5,801	-	-	11,516	-	1,910	13,426
Supplies	1,807	983,553	174,391	20,683	19,086	1,199,520	18,969	2,448	1,220,937
Taxes & licenses	-	-	5,025	-	-	5,025	-	-	5,025
Telephone	-	6,457	24,820	633	1,920	33,830	2,863	-	36,693
Training	-	15,436	73,055	2,500	9,005	99,996	50	15	100,061
Travel	-	39,958	10,623	7,034	8,394	66,009	-	-	66,009
Utilities	-	12,336	46,539	9	2,400	61,284	5,418	-	66,702
Total	3,142	3,811,871	2,519,074	232,076	387,186	6,953,349	491,588	99,289	7,544,226
	37	43,962	29,052	2,676	4,465	80,192	5,669	1,145	87,006
Total functional expenses	\$ 3,179	\$ 3,855,833	\$ 2,548,126	\$ 234,752	\$ 391,651	\$ 7,033,541	\$ 497,257	\$ 100,434	\$ 7,631,232

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

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

	<b>YEAR ENDED JUNE 30</b>	
	<b>2023</b>	<b>2022</b>
	<u>          </u>	<u>          </u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 572,011	\$ 411,185
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	87,676	87,006
In-kind donation of equipment received	(30,000)	-
Loss on disposal of equipment	694	-
Changes in assets and liabilities:		
Accounts receivable	182,493	(688,431)
Prepaid expenses	(10,282)	1,111
Accounts payable	20,874	58,513
Accrued payroll liabilities	3,352	(283)
Deferred revenue	(238,010)	95,117
Net cash provided (used) by operating activities	<u>588,808</u>	<u>(35,782)</u>
 <b>Cash flow from investing activities</b>		
Purchase of equipment	<u>(15,809)</u>	<u>(19,306)</u>
Net cash used in investing activities	<u>(15,809)</u>	<u>(19,306)</u>
 <b>Increase (decrease) in cash</b>	572,999	(55,088)
 <b>Cash at beginning of year</b>	<u>2,540,561</u>	<u>2,595,649</u>
 <b>Cash at end of year</b>	<u><u>\$ 3,113,560</u></u>	<u><u>\$ 2,540,561</u></u>

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

## FINANCIAL STATEMENTS

**CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

**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 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, 2023 AND 2022**

**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 contracts and grants, which are conditioned upon certain performance requirements and/or 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 Standards 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 \$354,207 and \$282,957 for years ended June 30, 2023 and 2022, respectively (See Note 15 In-Kind Contributions).

In fiscal year 2022, the Organization adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of the increased disclosure.

*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

**CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC**  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*D. Property and Equipment (Continued)*

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. . 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. Leases*

The Coalition determine if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also may include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less), if any. Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

*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.

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Location</u>
Salaries	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:

**Healthy Living:**

**Living Well:** Funded by the Living Well Foundation, this grant provided funds to expand the Signs of Suicide program to outlying parishes, such as Morehouse, Richland, and Union.

**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 childcare 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 and awareness of early care and education.

**Mental Health Consultation (Tulane):** Funding from the Tulane Institute for Infant and Early Childhood Mental Health provides a mental health consultant to childcare 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).

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*I. Programs (Continued)*

**Lead Agencies (LDOE, Lead Agencies, Lead Agencies - IDEA):** The Coalition is the lead agency in five parishes in northeast Louisiana: Ouachita Parish OPENetwork, Morehouse Parish MOREnetwork, Richland Parish RICHNetwork, East Carroll Parish EAST CARROLL Network, and Lincoln. 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 childcare 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 sixth year of implementation. As of 2020, the grant from LDOE has ended, but it now being funded through an MOU with one charter school downsizing to one classroom

**Ancillary Teaching Certificate/Believe and Prepare (LDOE):** This is a 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 9<sup>th</sup> cohort.

**Early Childhood Comprehensive Systems (ECCS) Morehouse Kids 1<sup>st</sup> (HRSA, LDH):** Only one month (July) was funded for a continuation to end 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 Stipend (LDOE):** This is a one-time funding to pay home-based child care pilot participants stipends and supplies as an incentive for participating in the family child care 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 and supplies were made possible by the Preschool Development Grant Birth to Five (PDG B-5).

**Ready Start Community Networks (LDOE):** 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

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*I. Programs (Continued)*

establishing programs in high-performing community networks. These programs will inform the advancement of Louisiana's unified early childhood care and education system.

**Believe! (LDOE):** Provided by the Louisiana Department of Education, this grant provided funds to address early childhood care and education at a systematic and impactful level to strengthen the childcare system, expand supply of and access to high-quality early childhood, prepare and support teachers, and empower families.

**B to 3 (LDOE):** The Louisiana Department of Education won a competitive federal Preschool Development Renewal Grant to create new seats at early learning sites for low-income children birth to age 3, to improve the quality of early childhood education programming, and to build the capacity of local communities to meet the needs of their youngest learners. Through these new seats, families of at-risk children will be able to access birth-3 seats in diverse delivery settings that respond to community needs and align with local community plans.

**Cooperative Endeavor:** The organization entered into Cooperative Endeavor Agreement with the City of Monroe in April of 2022 to develop the "Invest in Children" initiative to improve early childhood outcomes for children birth to 5 years old and their families. Through this initiative, the Coalition will assist and partner with the City regarding childhood education services and program development activities, work with City staff in conjunction with early childhood educational organizations to plan and implement news projects and programs, and to proactively maintain early childhood development and educational organization relationships. The term of this Cooperative Endeavor Agreement is for one year.

**EC Access (LDOE):** Provided by the Louisiana Department of Education, this grant provided funds to support initiatives focused on building childcare supply & increasing access at the local level that can be tailored to the specific needs of each early childhood community network.

**EC Childcare Management Software Initiative:** Provided by the Louisiana Department of Education, this grant provided funds to reimburse type III and CCAP providers 80% of the annual subscription cost for a Childcare Management software system.

**EC Guide:** Provided by the Louisiana Department of Education, this grant provided funds to establish a pilot program to support & recruit families that may eligible for the childcare assistance program.

**Outdoor Learning:** In July 2021, the Coalition was granted an award through the LA Department of Education with the purpose of procuring items for outdoor learning, to provide technical assistance to centers attending training to complete an outdoor learning plan, and to provide training and technical assistance to each participating center to support implementation of developmentally appropriate outdoor activities.

**CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*I. Programs (Continued)*

**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. In the Spring of 2021, the agency received additional funding through the American Rescue Plan 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. In the Spring of 2021, the agency received additional funding through the American Rescue Plan to be used for COVID related expenses.

**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. This program is now being funded through private donations.

**CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC**  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*I. Programs (Continued)*

**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.

**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.

**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:**

**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 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.

*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.

**CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*J. Income Taxes (continued)*

The Coalition is required to file U.S. federal Form 990 for informational purposes. Its federal income tax returns for the tax years 2018 and beyond remain subject to examination by the Internal Revenue Service.

As of June 30, 2023, 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.

*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 \$107,869 and \$96,187 for the years ended June 30, 2023 and 2022, respectively.

*O. Recently Adopted Accounting Standards*

In fiscal year 2023, the Organization adopted Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)* which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements.

The Organization elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) any initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Organization recognized right-of-use assets and lease liabilities totaling \$460,609 in its statement of financial position as of July 1, 2022. The initial adoption had no effect on amounts reported in the statement of activities for the year ended June 30, 2023.

**CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 3 – AVAILABILITY AND LIQUIDITY**

The following represents the Coalition's financial assets at June 30, 2023 and 2022, 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:	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 3,113,560	\$ 2,540,561
Contribution and grants receivable	957,806	1,140,299
Total financial assets	<u>4,071,366</u>	<u>3,680,860</u>
Amounts not available for general expenditure:		
Net assets with donor restrictions	(1,950,279)	(1,561,470)
Board-designated funds for operating reserve	<u>(350,000)</u>	<u>(350,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,771,087</u>	<u>\$ 1,769,390</u>

The Coalition has an operating reserve that had a balance of \$350,000 and \$350,000 at June 30, 2023 and 2022, 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.

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Leasehold Improvements	\$ 477,962	\$ 470,485
Furniture and Equipment	<u>291,518</u>	<u>313,967</u>
	769,480	784,452
Less: Accumulated Depreciation	<u>(422,316)</u>	<u>(394,726)</u>
Total property and equipment, net	<u>\$ 347,164</u>	<u>\$ 389,726</u>

**NOTE 5 – DEFERRED REVENUE**

During the year ended June 30, 2023, the Coalition earned \$238,010 in revenues that had been deferred in prior years. The unearned revenue balance of \$119,649 is shown on the balance sheet and will be earned in the next fiscal years.

**CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 6 – 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:

	2023	2022
Healthy Living	\$ (250)	\$ -
Early Childhood Education	1,854,915	1,529,623
Early Head Start	40,971	808
Youth Development	63,615	17,907
Parenting Initiative	2,185	14,749
Fund Raising	(11,157)	(1,617)
	\$ 1,950,279	\$ 1,561,470

**NOTE 7 – LEASES**

The Coalition leases three 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. This lease was renewed with a new expiration date of March 2024. The other two leased copiers are located at the Hall St location and have lease expiration dates of March 2024 and August 2026, respectively.

The Coalition moved to a new location located on Hall St. on December, 2017. The term of the lease is for five years, beginning the 1<sup>st</sup> day of December, 2017, and ending the 30<sup>th</sup> day of November, 2022. At the end of the term, the lease was renewed for an additional five years with an increase of \$1,000 in monthly rent. The monthly fair rent is \$12,688 with a current monthly payment of \$9,750. 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 renews automatically every year with 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. This lease renews automatically every year as well.

The third 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. 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 is automatically renewed for successive terms 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.

**CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC**  
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**NOTE 7 – LEASES (Continued)**

Total lease and rent expense, including equipment leases for the years ended June 30, 2023 and 2022 was \$247,579 and \$227,840, respectively. In-Kind contributions were included in these totals. In-Kind contributions for buildings for Early Head Start were \$74,280 and \$74,280 for the years ended June 30, 2023 and 2022, respectively.

	<b>Year Ending 2023</b>
<b>Lease expense</b>	
Finance lease expense	
Amortization of ROU assets	-
Interest on lease liabilities	-
Operating lease expense	\$ 139,572
Short-term lease expense	-
Variable lease expense	-
Sublease income	-
<b>Total</b>	<b>\$ 139,572</b>

**Other Information**

(Gains) losses on sale-leaseback transactions, net	
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance leases (i.e. Interest)	-
Financing cash flows from finance leases (i.e. principal portion)	-
Operating cash flows from operating leases	\$ 139,572
ROU assets obtained in exchange for new finance lease liabilities	-
ROU assets obtained in exchange for new operating lease liabilities	578,371
Weighted-average remaining lease term in years for finance leases	-
Weighted-average remaining lease term in years for operating leases	3.87
Weighted-average discount rate for finance leases	0.00%
Weighted-average discount rate for operating leases	4.25%

<b>Maturity Analysis</b>	<b>Finance</b>	<b>Operating</b>
2024	-	\$ 137,073
2025	-	122,256
2026	-	122,256
2027	-	117,000
Total undiscounted cash flows	-	498,585
Less: present value discount	-	(37,976)
Total lease liabilities	-	\$ 460,609

**CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 – 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, 2023, there were deposits of approximately \$3,029,310 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.

**NOTE 9 – 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, 2023 and 2022 were \$29,477 and \$25,787 respectively.

**NOTE 10 – 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, 2023 and 2022, the Coalition received \$914,933 and \$904,100 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 \$4,776,486 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 on May 31, 2025.

On February 2018, the Coalition was awarded an additional \$2,235,530 for Early Head Start Expansion for the period March 1, 2017 through August 31, 2021. This award was renewed for another five years, ending on August 31, 2026.

**CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11 – IN-KIND CONTRIBUTIONS**

Donated services for the fiscal years ended June 30, 2023 and 2022, included in the financial statements, were as follows:

	<u>2023</u>	<u>2022</u>
Early Head Start - Volunteers	\$ 221,828	\$ 162,068
Early Head Start - Fringe Benefits	48,210	39,181
Early Head Start - Consultants	3,889	1,428
Rent	74,280	74,280
Utilities	6,000	6,000
	<u>\$ 354,207</u>	<u>\$ 282,957</u>

Volunteers include Board and Policy Council time, as well as parents' volunteer time. Donated supplies include diapers and cleaning supplies, which were all donated to the Early Head Start classrooms. Rent and utilities include the fair market values donated by the lessors of the Early Head Start centers.

**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 – 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 12, 2023, which is the date the financial statements were available to be issued and have been appropriately recorded or disclosed.

In September 2023 and November 2023, the Organization received two payments of \$720,115 and \$754,890, respectively, from the Louisiana Department of Education to continue funding the B to 3 program.

SUPPLEMENTARY INFORMATION

**CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2023**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	Assistance Listing Number	Pass-Through Grantor No.	Passed Through to Subrecipient	Federal Expenditures
<b><u>United States Department of Agriculture</u></b>				
<b>Passed Through Louisiana Department of Education:</b>				
Child and Adult Care Food Program	10.558			\$ 71,057
<b>Total United States Department of Agriculture</b>				<u>71,057</u>
<b><u>United States Department of Health and Human Services</u></b>				
<b>Direct Programs:</b>				
<b>Early Head Start Cluster:</b>				
Early Head Start Grant	93.600			1,124,591
Combined Early Head Start Expansion and EHS-Child Care Partnership	93.600			1,242,446
Early Head Start CARES Grant	93.600			112,915
<b>Total Early Head Start Cluster</b>				<u>2,479,952</u>
 Drug-Free Communities Support Program	 93,276			 115,780
<b>Passed Through Louisiana Department of Education:</b>				
<b>Child Care and Development Block Grant Cluster:</b>				
Believe and Prepare - Early Childhood	93.575			170,262
Believe Category 1 CRRSA	93.575	28-21-CCCR-A5		439,700
Believe Category 3 ARPA CCDBG	93.575	28-21-B3CC-A5		39,850
Believe Category 4 CCDBG	93.575	28-21-B4CC-A5		75,000
B-3 Seats CRRSA	93.575	28-21-B3SC-5A		82,364
B-3 Seats CCDBG CCDF	93.575	28-21-B35A-5A		1,688,595
Lead Agency CCDF	93.575	28-22-COLC-A5		154,464
Guide CCDF	93.575	28-22-GCDF-A5		50,000
Family Child Care	93.575	28-21-FC5A-A5		11,298
Community Supply Building Access Expansion	93.575	28-21-SB5A-A5		500,000
Ready Start Networks CCDF	93.596	28-22-RSCC-A5		379,198
<b>Total CCDF Cluster</b>				<u>3,590,731</u>
 <b>Every Student Succeeds Act/Preschool Development Grants Program:</b>				
Ready Start Networks PDG	93.434	28-22-RS5-A5		314,732
B-3 Seats - PDG	93.434	28-22-B3SP-A5		484,642
Guide PDG	93.434	28-22-GPDG-A5		46,841
<b>Total Every Student Success Act/Preschool Development</b>				<u>846,215</u>
 <b>Passed Through Louisiana Department of Children and Family Services:</b>				
Promoting Safe and Stable Families	93.556	2000534845	106,001	480,002
 <b>Passed Through Louisiana Office of Public Health:</b>				
Maternal and Child Health - Early Childhood Comprehensive Systems	93.110	2000608120		7,274
<b>Total United States Department of Health and Human Services</b>				<u>7,519,954</u>
 <b>Total Federal Expenditures</b>			 <u>\$ 106,001</u>	 <u>\$ 7,591,011</u>

The accompanying notes are an integral part of this schedule.

**CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of Children's Coalition for Northeast Louisiana, Inc. (the Coalition) under programs of the federal government for the year ended June 30, 2023. 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, 2023**

**Agency Head Name:** Mark Parrish, Interim Executive Director (07/01/22 – 09/15/22)

Purpose	Amount
Salary	\$0
Benefits - FICA	0
Benefits - Insurance	0
Benefits - Retirement	0
<b>Total</b>	<b>\$0</b>

**Agency Head Name:** Kristie Bardell, Executive Director (09/16/22 – 06/30/23)

Purpose	Amount
Salary	\$0
Benefits - FICA	0
Benefits - Insurance	0
Benefits - Retirement	0
<b>Total</b>	<b>\$0</b>

**Note:** The Children's Coalition for Northeast Louisiana, Inc. is a nonprofit entity that receives public funds. However, no public funds were used to pay for the compensation, reimbursements, benefits or other payments to the agency head.

## OTHER REPORTS



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REGIONS TOWER  
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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, 2023, 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 12, 2023.

### **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 12, 2023



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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**

***Opinion on Each Major Federal Program***

We have audited the Children's Coalition for Northeast Louisiana, Inc.'s compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

In our opinion, the Children's Coalition for Northeast Louisiana, Inc. complied, in all material respects, with the 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, 2023.

***Basis for Opinion on Each Major Federal Program***

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 (*Governmental Auditing Standards*); 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)) Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Children's Coalition for Northeast Louisiana, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Children's Coalition for Northeast Louisiana, Inc.'s compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Children's Coalition for Northeast Louisiana, Inc.'s federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Children's Coalition for Northeast Louisiana, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Children's Coalition for Northeast Louisiana, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Children's Coalition for Northeast Louisiana, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Children's Coalition for Northeast Louisiana, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Children's Coalition for Northeast Louisiana, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 12, 2023

**CHILDREN’S COALITION FOR NORTHEAST LOUISIANA, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**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 Cluster	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, 2023**

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, 2023**

No findings were reported for the current year.



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December 12, 2023

Children's Coalition of Northeast Louisiana, Inc.  
Monroe, Louisiana

Louisiana Legislative Auditor  
Baton Rouge, Louisiana

**INDEPENDENT ACCOUNTANT'S REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. Children's Coalition of Northeast Louisiana, Inc.'s (CC NELA's) management is responsible for those C/C areas identified in the SAUPs.

CC NELA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022, through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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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 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, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- 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 (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to 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.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Findings:** *No exceptions noted.*

**Board or Finance Committee**

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- 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.
  - 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, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds.
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned 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 unassigned fund balance in the general fund.

- d) Observe whether the board or finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

**Findings:** *No exceptions noted.*

### **Bank Reconciliations**

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3. Obtain a listing of entity 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 or 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.

**Findings:** *No exceptions noted.*

### **Collections (excluding electronic funds transfers)**

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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 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/official verifies the reconciliation.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.
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 and the cash is stored securely in a locked safe or drawer).
  - e) Trace the actual deposit per the bank statement to the general ledger.

**Findings:** *No exceptions noted.*

***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).
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 employee 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.
  - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]]

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 itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3 above, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g. sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy.

**Findings:** *No evidence of authorized signers approving electronic disbursements.*

**Management's response:** *Management agrees with the finding and will correct going forward.*

#### **Credit Cards/Debit Cards/Fuel Cards/P-Cards**

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12. 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.
13. 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 (or electronically approved), by someone 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.]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
14. 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). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

**Findings:** *No exceptions noted.*

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

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15. 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, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://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.  
  
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).
  - c) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Findings:** *No exceptions noted.*

### ***Contracts***

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16. 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 and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval).
  - 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.

**Findings:** *No exceptions noted.*

### ***Payroll and Personnel***

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

18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
19. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
20. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

**Findings:** *No evidence of employees documenting their daily attendance and leave. Additionally, no evidence of supervisors approving attendance and leave was observed.*

**Management's Response:** *Management agrees with the finding and will correct going forward.*

### **Ethics**

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21. Using the 5 randomly selected employees/officials from procedure #17 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 entity maintains documentation which demonstrates each employee and official was notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

**Findings:** *No exceptions noted.*

### **Debt Service**

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23. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

24. 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 (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

*Findings: This section is not applicable. The Coalition has no debt.*

#### ***Fraud Notice***

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25. 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 as required by R.S. 24:523.
26. 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.

*Findings: No exceptions noted.*

#### ***Information Technology Disaster Recovery/Business Continuity***

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27. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
  - b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - c. Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure 19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

*Findings: We performed the procedure and discussed the results with management.*

#### ***Prevention of Sexual Harassment***

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29. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year, as required by R.S. 42:343.

30. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
31. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:
  1. Number and percentage of public servants in the agency who have completed the training requirements;
  2. Number of sexual harassment complaints received by the agency;
  3. Number of complaints which resulted in a finding that sexual harassment occurred;
  4. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  5. Amount of time it took to resolve each complaint.

**Findings:** *No exceptions noted.*

We were engaged by Children's Coalition of Northeast Louisiana, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of Children's Coalition of Northeast Louisiana, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended 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.

*Heard, McElroy & Vestal, LLC*