

DR. M.W. MCCALED EDUCATIONAL FUND, INC.

**Accountant's Compilation Report
For the Year Ended December 31, 2017**

**Talmadge E. Mitchel
Certified Public Accountant
A Professional Corporation**

Dr. M. W. McCaleb Educational Fund, Inc.
December 31, 2017

Contents

Independent Accountant’s Compilation Report	3
Statement of Financial Position	2
Statement of Activities	3
Cash Flow Statement	4
Notes to the Financial Statements	5
Schedule of Functional Expenses.....	10
Status of Prior Year Findings	11
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer.....	12

**Talmadge E. Mitchel
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Independent Accountant's Compilation Report

To the Board of Directors of
Dr. M.W. McCaleb Educational Fund, Inc.
New Orleans, Louisiana

Management is responsible for the accompanying financial statements of Dr. M. W. McCaleb Educational Fund, Inc., which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Supplementary Information

The accompanying schedule of functional expenses and the schedule of compensation, benefits, and other payments to the agency head, political subdivision head, or chief executive officer are presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. The information was subject to my compilation engagement, I have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on the supplementary information.



Talmadge E. Mitchel
Certified Public Accountant
A Professional Corporation
New Orleans, Louisiana
April 30, 2018

Dr. M. W. McCaleb Educational Fund, Inc.

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

ASSETS

Current Assets

Cash In Banks	\$	113,582
Employee Receivables		<u>(175)</u>
Total Current Assets		113,407

Fixed Assets

Land and Building		1,422,570
Office Furniture and Equipment		11,687
Vehicle		18,500
Less: Accumulated Depreciation		<u>(851,841)</u>
Total Fixed Assets		600,916

Other Assets

Investment in LLC		<u>811,844</u>
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TOTAL ASSETS	\$	<u><u>1,526,167</u></u>
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LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable	\$	3
Payroll Liabilities		133,758
Loan Payable - Current Portion		<u>31,813</u>
Total Current Liabilities		165,574

Long Term Liabilities

Loan Payable		<u>119,520</u>
Total Long Term Liabilities		<u>119,520</u>

Total Liabilities		285,094
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Equity

Unrestricted Net Assets		429,229
Temporarily Restricted Net Assets		<u>811,844</u>
Total Equity		<u>1,241,073</u>

TOTAL LIABILITIES & EQUITY	\$	<u><u>1,526,167</u></u>
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See Independent Accountant's Compilation Report

Dr. M. W. McCaleb Educational Fund, Inc.

**Statement of Activities
For the Year Ended
December 31, 2017**

Increase in Net Assets	
Support, Contributions, and Program Income	
Income	
Developer's Fees	\$ 45,633
Program Income	110,756
Other Income	<u>2,056</u>
Total Income	158,445
Decrease in Net Assets	
Expense	
Program Expenses	253,315
General and Administrative	<u>25,759</u>
Total Expense	<u>279,074</u>
Change in Net Assets (deficit)	(120,629)
Net Assets (unrestricted) beginning of the year	585,143
Prior Period Adjustments (Note-9)	<u>(35,285)</u>
Net Assets (unrestricted) beginning of the year restated	<u>549,858</u>
Net Assets (unrestricted) end of the year	<u><u>\$ 429,229</u></u>

See Independent Accountant's Compilation Report

Dr. M. W. McCaleb Educational Fund, Inc.

**Cash Flow Statement
For the Year Ended
December 31, 2017**

OPERATING ACTIVITIES

Change in Net Assets - Decrease	\$	(120,625)
Adjustments to reconcile Net Income to net cash provided by operations:		
Depreciation Expense		66,936
Contracts Receivable - Decrease		65,190
Employee Receivables - Decrease		775
Payroll Liabilities - Increase		21,509
Other Accounts Payable - Increase		3,019
Accrued Payroll Expense - Decrease		<u>(4,359)</u>
Net cash provided by Operating Activities		32,445

FINANCING ACTIVITIES

Loan Payment		<u>(35,398)</u>
Net cash provided by Financing Activities		<u>(35,398)</u>
Net cash decrease for period		(2,953)
Cash at beginning of period		<u>116,535</u>
Cash at end of period	\$	<u><u>113,582</u></u>

Interest paid for the year ending December 31, 2017 was \$15,129

See Independent Accountant's Compilation Report

Dr. M. W. McCaleb Educational Fund, Inc.

Notes to the Financial Statements December 31, 2017

Note 1 –Nature of Organization

The Dr. M.W. McCaleb Educational Fund, Inc. (a non-profit corporation) was established in 1988. The organization's primary purpose is to provide affordable housing, revitalize communities within its established boundaries in New Orleans, Louisiana and create a viable community for residents.

Dr. M.W. McCaleb Educational Fund, Inc. administered the following programs:

Unity for the Homeless Shelter Plus Contract: Dr. M.W. McCaleb Educational Fund was awarded contracts by Unity for the Homeless for the periods July 1, 2016 through June 30, 2017 and July 1, 2017 through June 30, 2018 to provide housing and supportive services on a long-term basis for homeless persons with disabilities, (primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and acquired immunodeficiency syndrome (AIDS) or related diseases) and their families who are living in places not intended for human habitation (e.g., streets) or in emergency shelters. The program allows for a variety of housing choices, and a range of supportive services funded by other sources, in response to the needs of the hard-to-reach homeless population with disabilities.

Summary of Significant Accounting Policies

Basis of Presentation

Financial statement presentation follows the recommendations of the FASB ASC 958-210, Financial Statements of Not-for-profit Organizations. Under FASB ASC 958-210, the Agency may report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Basis of Accounting

McCaleb's financial statements are prepared on the accrual basis of accounting, whereby revenue is recorded when earned and expenses are recorded when incurred.

Property and Equipment

Improvements which significantly extend the useful life of an asset and purchases of buildings, land, and equipment are capitalized. The straight line method of depreciation is used for the assets owned by McCaleb. The estimated useful lives of these assets range from 3 to 40 years.

Income Taxes

McCaleb has been determined to be tax exempt under Section 501 (c) 3 of the Internal Revenue Code. Tax years 2014, 2015, and 2016 remain open for potential examination of taxing authorities. The agency's financial exposure would exist as it relates to potential unrelated business income.

Dr. M. W. McCaleb Educational Fund, Inc.
Notes to the Financial Statements
December 31, 2017

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities..

Accordingly, program and support service expenses are specifically identified with or allocated to the Agency's various functions. Expenses requiring allocation include services provided by the Agency's management and administrative staff to specific program-related activities. Expense allocations are prorated based on a percentage of time or actual usage.

Cash - Cash is comprised of cash on hand and in banks.

Net Assets

A description of the three types of Net Assets categories is described below:

Unrestricted net assets are comprised of funds without donor-imposed restrictions. The revenues received by McCaleb and expenses incurred are included in this category.

Temporarily restricted net assets include income, gifts, and contributions which have temporary restrictions that have not been met. The McCaleb Housing Partnership, LLC was established between the Dr. M. W. McCaleb Educational Fund, Inc. and the Gulf Coast Housing Partnership, Inc. to develop the McCaleb Supportive Housing Complex. The complex was constructed with HUD funds and as such, includes temporary restrictions required by HUD for a period of 15 years. The 43-unit complex must be rented to low or moderate income families, As such, the invested funds are designated as temporarily restricted net assets until the time restriction has expired.

Permanently restricted net assets include income, gifts, and contributions which have donor-imposed restrictions to be invested in perpetuity and only the income from those investments can be made available for program operations.

As of December 31, 2017, McCaleb had both unrestricted and temporarily restricted net assets.

Dr. M. W. McCaleb Educational Fund, Inc.
Notes to the Financial Statements
December 31, 2017

Note 2 – Investment

The investment account reflects the Dr. M. W. McCaleb’s partnership share (50%) in the McCaleb Supportive Housing Complex. The complex is a 43 unit apartment facility which is rented to low or moderate income individuals or families. The Organization received HUD funds for its share of the construction of the complex. The partnership agreement provides that the Organization shares 50% of the profits or losses of the facility’s operations.

Note 3 - Economic Dependency

Dr. M.W. McCaleb Educational Fund, Inc. receives its major funding contracts from pass-through government funds. The continuance of this program is dependent upon the agency's ability to gain renewal of contracts and grants as well as to obtain new funding.

Note 4 – Note Payable - Related Party Transaction

The Organization has an agreement with Progressive Baptist Church (a religious organization which the Executive Director can exercise considerable influence upon) on a loan from a financial institution, for the purpose of renovations and repairs. The Church is the guarantor of the loan, however, the Organization has provided property to collateralize the loan and has signed a legal document obligating them to repay the Church, or directly to the financial institution. The loan originated on June 23, 2007 in the amount of \$350,000 at an interest rate of 9% for a period of 30 years. The Organization makes payments in the amount of \$3,680 per month.

The maturity of the long-term debt is as follows:

2018	31,813.11	
2019	34,797.39	
2020	38,061.63	
2021	41,632.07	
2022	5,228.49	
	<u>151,532.69</u>	
	(31,813.11)	Less: Current Portion
	<u>119,719.58</u>	Current Balance

Interest expense for the long-term debt was \$15,129 at December 31, 2017.

Note 5 - Concentration of Credit

Financial instruments that potentially subject the Organization to credit risk consist principally of cash at financial institutions and grants/contracts receivable. Demand deposits, as reflected in the banks' records, are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Dr. M. W. McCaleb Educational Fund, Inc.
Notes to the Financial Statements
December 31, 2017

Note 6 – Contingencies

As of December 31, 2017, there were no matters relating to existing or possible litigation, questioned costs, nor refunds of grant proceeds.

Note 7 - Board of Directors Compensation

The board of directors operates on a voluntary basis, however there was a payment made to a board member during the year ended December 31, 2017 to cover travel expenses.

Note 8 - Subsequent Events

The Organization has evaluated subsequent events through June 27, 2017, the date which the financial statements were available for distribution, concluding there were no events requiring disclosure.

Note 9 – Prior Period Adjustments

Adjustments were made to prior period cash in bank which also affected the net assets. Cash was reduced by \$35,285 for deposits which had been record in error during 2013 and had been carried in the bank reconciliation as outstanding. The effect was a reduction in beginning cash and a reduction in unrestricted net assets.

SUPPLEMENTAL INFORMATION

Dr. M. W. McCaleb Educational Fund, Inc.

**Schedule of Functional Expenses
For the year ended
December 31, 2017**

Expense	Non-Public Support			Public Support	Total
	Exec Dir Acct	General Fund	Total	Shelter Plus	
Automobile Expense	-	\$ -	\$ -	\$ 8,316	\$ 8,316
Bank Service Charges	-	32	32	-	32
Conferences and Seminars	-	-	-	821	821
Contributions	1,300	2,750	4,050	-	4,050
Depreciation Expense	-	-	-	66,936	66,936
Insurance	-	-	-	18,719	18,719
Interest Expense	-	15,129	15,129	-	15,129
Postage and Delivery	-	-	-	505	505
Professional Fees	-	-	-	28,961	28,961
Repairs & Maintenance	4,545	-	4,545	11,766	16,311
Rental Assistance	-	-	-	3,173	3,173
Supplies	-	-	-	6,490	6,490
Telephone	-	-	-	3,033	3,033
Taxes	-	-	-	50	50
Travel	2,000	-	2,000	3,032	5,032
Utilities	-	-	-	29,287	29,287
Payroll Expenses	-	-	-	72,226	72,226
Total Expense	<u>7,845</u>	<u>\$ 17,911</u>	<u>\$ 25,756</u>	<u>\$ 253,315</u>	<u>\$ 279,071</u>

See Independent Accountant's Compilation Report

Dr. M. W. McCaleb Educational Fund, Inc.

**Status of Prior Year Findings
December 31, 2017**

**Item 2017-01-Delinquent Reporting
Status - Corrected**

Dr. M.W. Murphy McCaleb Educational Fund

**Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief
Executive Officer
Year Ended December 31, 2017**

Agency Head Name: Rev. Willie Gable, Jr.

Purpose	Amount
Salary	\$ 30,667
Benefits - Insurance	\$ -
Benefits - Retirement	\$ -
Benefits - Other	\$ 2,346
Car Allowance	
Vehicle provided by Organization	\$ 3,926
Per Diem	\$ -
Reimbursements	\$ -
Travel	\$ 6,707
Registration Fees	\$ -
Conference Travel	\$ -
Continuing professional education fees	\$ -
Housing	\$ -
Unvouchered expenses	\$ -
Special meals	\$ -