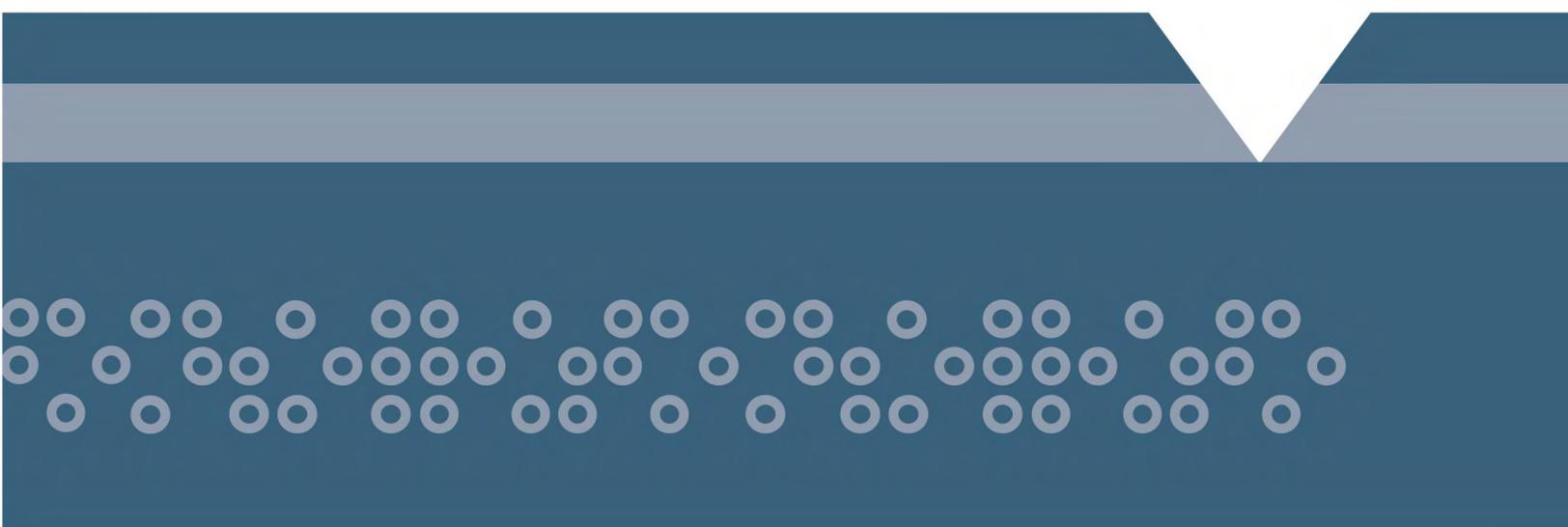


Children's Coalition for Northeast Louisiana, Inc.
Monroe, Louisiana

June 30, 2024 and 2023



CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.

MONROE, LOUISIANA

JUNE 30, 2024 AND 2023

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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) (Coalition) which comprise the statements of financial position as of June 30, 2024 and 2023, 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, 2024 and 2023, 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 25 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 and related notes 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 25 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 November 26, 2024 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
November 26, 2024

FINANCIAL STATEMENTS

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

	JUNE 30	
	2024	2023
ASSETS		
Current assets		
Cash	\$ 3,592,211	\$ 3,113,560
Grants receivable	649,699	957,806
Employee receivables	388	-
Prepaid expenses	38,427	43,673
Total current assets	4,280,725	4,115,039
Property and equipment		
Property, equipment and other fixed assets	947,855	769,480
Less: accumulated depreciation	(519,397)	(422,316)
Net property and equipment	428,458	347,164
Other Assets		
Lease right of use assets	358,238	460,609
Other assets	8,925	8,925
Total other assets	367,163	469,534
Total assets	\$ 5,076,346	\$ 4,931,737
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 113,853	\$ 119,477
Accrued payroll liabilities	8,353	8,842
Deferred revenue	7,571	119,649
Short-term lease liability	127,796	137,073
Total current liabilities	257,573	385,041
Long-term liabilities		
Long-term lease liability	230,442	323,536
Total liabilities	488,015	708,577
Net assets		
Without donor restrictions		
Undesignated	2,189,387	1,922,881
Designated by the Board for operating reserve	350,000	350,000
Total net assets without donor restrictions	2,539,387	2,272,881
With donor restrictions		
Support for program activities	2,048,944	1,950,279
Total net assets with donor restrictions	2,048,944	1,950,279
Total net assets	4,588,331	4,223,160
Total liabilities and net assets	\$ 5,076,346	\$ 4,931,737

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, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenues			
Grants	\$ 5,363,516	\$ 3,590,419	\$ 8,953,935
In-Kind Contributions	476,943	-	476,943
Donations and Sponsorships	74,570	940,008	1,014,578
Registration and Tuition Fees	-	7,776	7,776
Memberships	1,526	-	1,526
Interest	152,294	-	152,294
Contributions and Net Revenue from Special Events			
Special Event Revenue	3,459	-	3,459
Total	<u>6,072,308</u>	<u>4,538,203</u>	<u>10,610,511</u>
Net Assets Released from Restrictions	<u>4,439,538</u>	<u>(4,439,538)</u>	<u>-</u>
Total Support and Revenue	10,511,846	98,665	10,610,511
Expenses			
Program Services			
Early Childhood Education	5,336,599	-	5,336,599
Early Head Start	3,105,107	-	3,105,107
Youth Development	265,960	-	265,960
Parenting Initiative	769,761	-	769,761
Total Program Services	<u>9,477,427</u>	<u>-</u>	<u>9,477,427</u>
Supporting Services			
Management & General	680,603	-	680,603
Fund Raising	87,310	-	87,310
Total Supporting Services	<u>767,913</u>	<u>-</u>	<u>767,913</u>
Total Expenses	<u>10,245,340</u>	<u>-</u>	<u>10,245,340</u>
Change in Net Assets	266,506	98,665	365,171
NET ASSETS AT BEGINNING OF YEAR	<u>2,272,881</u>	<u>1,950,279</u>	<u>4,223,160</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 2,539,387</u></u>	<u><u>\$ 2,048,944</u></u>	<u><u>\$ 4,588,331</u></u>

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

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
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	7,526,115	2,821,832	10,347,947
Net assets released from restrictions	2,433,023	(2,433,023)	-
Total support and revenue	9,959,138	388,809	10,347,947
Expenses			
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	9,092,822	-	9,092,822
Supporting services			
Management & general	614,524	-	614,524
Fund raising	68,590	-	68,590
Total supporting services	683,114	-	683,114
Total expenses	9,775,936	-	9,775,936
Change in net assets	183,202	388,809	572,011
Net assets at beginning of year	2,089,679	1,561,470	3,651,149
Net assets at end of year	\$ 2,272,881	\$ 1,950,279	\$ 4,223,160

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, 2024

	Program Services				Supporting Services			
	Early Childhood Education	Early Head Start	Youth Development	Parenting Initiative	Total Program Services	Management & General	Fund Raising	
Salaries	\$ 1,017,719	\$ 1,393,747	\$ 148,298	\$ 241,592	\$ 2,801,356	\$ 387,405	\$ 28,437	\$ 3,217,198
Payroll Taxes	75,667	103,132	11,168	18,227	208,194	29,286	2,161	239,641
Related Benefits	109,907	102,730	11,755	21,672	246,064	37,972	789	284,825
Total Salaries and Related Expenses	1,203,293	1,599,609	171,221	281,491	3,255,614	454,663	31,387	3,741,664
Advertising	80,615	8,584	-	-	89,199	4,241	2,114	95,554
Background/Vehicle Checks	1,057	1,147	-	201	2,405	201	-	2,606
Bad Debt Expense	1,599	-	-	-	1,599	-	-	1,599
Bank Charges	1,078	35	-	-	1,113	1,018	143	2,274
Board Expenses	-	-	-	-	-	3,868	-	3,868
Computer Maintenance	11,425	26,538	804	3,143	41,910	3,047	-	44,957
Contract for Services	2,085,399	328,492	47,656	245,765	2,707,312	65,380	36,032	2,808,724
Dues and Subscriptions	23,406	25,742	1,249	-	50,397	8,942	-	59,339
Early Head Start Consultants & Volunteers	-	325,748	-	-	325,748	-	-	325,748
Equipment Lease	11,785	14,318	353	1,629	28,085	5,623	-	33,708
Fringe Benefits for Volunteers	-	73,210	-	-	73,210	-	-	73,210
Insurance	20,354	5,120	1,789	-	27,263	4,232	1,416	32,911
Internet	3,220	13,079	450	1,020	17,769	411	-	18,180
Maintenance & Repairs	11,139	77,367	-	7,682	96,188	5,674	440	102,302
Meetings	15,226	1,231	1,843	-	18,300	13,178	84	31,562
Miscellaneous	-	-	-	-	-	223	-	223
Postage and Delivery	6,113	187	-	-	6,300	361	10	6,671
Printing & Reproduction	40,892	1,443	2,112	5,175	49,622	2,106	2,306	54,034
Professional Development	25,393	-	-	2,500	27,893	18,203	23	46,119
Professional Fees	10,710	6,690	-	-	17,400	10,872	-	28,272
Rent	63,065	114,100	7,001	24,000	208,166	18,407	4,258	230,831
Scholarships & Grants	441,410	-	2,550	136,668	580,628	4,914	-	585,542
Security	8,880	7,152	-	-	16,032	1,207	3,055	20,294
Supplies	1,109,249	270,319	15,993	27,377	1,422,938	26,737	5,131	1,454,806
Taxes & Licenses	-	1,713	2,100	-	3,813	-	-	3,813
Telephone	7,937	22,146	599	2,010	32,692	3,131	-	35,823
Training	8,370	80,954	-	-	89,324	-	-	89,324
Travel	76,566	16,561	7,720	20,806	121,653	9,964	84	131,701
Utilities	17,850	54,199	-	3,000	75,049	7,551	-	82,600
Total	5,286,031	3,075,684	263,440	762,467	9,387,622	674,154	86,483	10,148,259
Depreciation	50,568	29,423	2,520	7,294	89,805	6,449	827	97,081
Total Functional Expenses	<u>\$ 5,336,599</u>	<u>\$ 3,105,107</u>	<u>\$ 265,960</u>	<u>\$ 769,761</u>	<u>\$ 9,477,427</u>	<u>\$ 680,603</u>	<u>\$ 87,310</u>	<u>\$ 10,245,340</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	<u>\$ 5,045</u>	<u>\$ 5,509,089</u>	<u>\$ 2,799,230</u>	<u>\$ 227,064</u>	<u>\$ 552,394</u>	<u>\$ 9,092,822</u>	<u>\$ 614,524</u>	<u>\$ 68,590</u>	<u>\$ 9,775,936</u>

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

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

	YEAR ENDED JUNE 30	
	2024	2023
	<u> </u>	<u> </u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ 365,171	\$ 572,011
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	97,081	87,676
In-kind donation of equipment received	-	(30,000)
Loss on disposal of equipment	-	694
Changes in assets and liabilities:		
Grants receivable	308,107	182,493
Employee receivables	(388)	-
Prepaid expenses	5,246	(10,282)
Accounts payable	(5,624)	20,874
Accrued Payroll Liabilities	(489)	3,352
Deferred Revenue	(112,078)	(238,010)
Net cash provided by operating activities	<u>657,026</u>	<u>588,808</u>
 Cash Flow From Investing Activities		
Purchase of equipment	<u>(178,375)</u>	<u>(15,809)</u>
Net cash used in investing activities	<u>(178,375)</u>	<u>(15,809)</u>
 Increase in Cash	478,651	572,999
 Cash at Beginning of Year	<u>3,113,560</u>	<u>2,540,561</u>
 Cash at End of Year	<u><u>\$ 3,592,211</u></u>	<u><u>\$ 3,113,560</u></u>

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

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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, 2024 AND 2023

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 \$476,943 and \$354,207 for years ended June 30, 2024 and 2023, respectively (See Note 11 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
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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 determines 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-lien 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.

CHILDREN’S COALITION FOR NORTHEAST LOUISIANA, INC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</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:

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).

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 with coordinating enrollment and assessment as part of the full implementation of the Louisiana Early Childhood Act (Act 3 of 2012).

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Programs (Continued)

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 13th cohort.

Family Child Care Stipend (LDOE): This is a one-time funding to provide home-based childcare participants supplies as an incentive for participating in the family childcare environmental enhancement program. This funding provides support through CCR&R Agencies to administer funding on behalf of LDOE for FCC sites to implement enhancements to improve learning outcomes for children. These supplies were made possible by the Preschool Development Grant Birth to Five (PDG B-5).

Family Engagement (Part of Ready Start Funding) (LDOE): Family Engagement and Leadership Planning Grant for childcare providers to host family engagement events for their parents.

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 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

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Programs (Continued)

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.

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.

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.

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.

Youth Development:

S.O.S.—Signs of Suicide (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. This program is now being funded through private donations.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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 who have been affected by the loss of income due to crisis.

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.

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
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Coalition is required to file U.S. federal Form 990 for informational purposes. Its federal income tax returns for the tax years 2020 and beyond remain subject to examination by the Internal Revenue Service.

As of June 30, 2024, 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 \$95,554 and \$107,869 for the years ended June 30, 2024 and 2023, respectively.

O. Leases

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.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 3 – AVAILABILITY AND LIQUIDITY

The following represents the Coalition's financial assets at June 30, 2024 and 2023, 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>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 3,592,211	\$ 3,113,560
Contribution and grants receivable	650,087	957,806
Total financial assets	<u>4,242,298</u>	<u>4,071,366</u>
Amounts not available for general expenditure:		
Net assets with donor restrictions	(2,048,944)	(1,950,279)
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>\$ 1,843,354</u>	<u>\$ 1,771,087</u>

The Coalition has an operating reserve that had a balance of \$350,000 and \$350,000 at June 30, 2024 and 2023, 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>2024</u>	<u>2023</u>
Construction in Progress	\$ 37,985	\$ -
Leasehold Improvements	606,328	477,962
Furniture and Equipment	303,542	291,518
	<u>947,855</u>	<u>769,480</u>
Less: Accumulated Depreciation	<u>(519,397)</u>	<u>(422,316)</u>
Total property and equipment, net	<u>\$ 428,458</u>	<u>\$ 347,164</u>

NOTE 5 – DEFERRED REVENUE

During the year ended June 30, 2024, the Coalition earned \$112,078 in revenues that had been deferred in prior years. The unearned revenue balance of \$7,571 is shown on the balance sheet and will be expended in the next fiscal years.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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:

	2024	2023
Healthy Living	\$ -	\$ (250)
Early Childhood Education	1,895,430	1,854,915
Early Head Start	36,814	40,971
Youth Development	106,521	63,615
Parenting Initiative	3,863	2,185
Fund Raising	6,316	(11,157)
	<u>\$ 2,048,944</u>	<u>\$ 1,950,279</u>

NOTE 7 – LEASES

The Coalition leases five copy machines under operating leases. One leased copier is located at the Filhiol Early Head Start location, one at the Louis Locke Early Head Start location, and one at the West Monroe Early Head Start location. These leases have an expiration date of April 2027. The other two leased copiers are located at the Hall St location and have lease expiration dates of August 2026 and April 2027.

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 1st day of December, 2017, and ending the 30th 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
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 7 – LEASES (Continued)

Total lease and rent expense, including equipment leases for the years ended June 30, 2024 and 2023 was \$264,539 and \$247,579, 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, 2024 and 2023, respectively.

Lease expense	Year Ending	
	2024	2023
Finance lease expense		
Amortization of ROU assets	-	-
Interest on lease liabilities	-	-
Operating lease expense	\$ 138,458	\$ 139,572
Short-term lease expense	-	-
Variable lease expense	-	-
Sublease income	-	-
Total	\$ 138,458	\$ 139,572

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	\$ 138,458	\$ 139,572
ROU assets obtained in exchange for new finance lease liabilities	-	-
ROU assets obtained in exchange for new operating lease liabilities	19,169	578,371
Weighted-average remaining lease term in years for finance leases	-	-
Weighted-average remaining lease term in years for operating leases	2.98	3.87
Weighted-average discount rate for finance leases	0.00%	0.00%
Weighted-average discount rate for operating leases	4.25%	4.25%

Maturity Analysis	Finance	Operating
2025	-	\$ 127,796
2026	-	127,796
2027	-	125,099
Total undiscounted cash flows	-	380,691
Less: present value discount	-	(22,453)
Total lease liabilities	-	\$ 358,238

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.

CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 8 – FINANCIAL INSTRUMENTS (Continued)

CONCENTRATIONS OF CREDIT RISK

The Coalition has concentrated credit risk for cash by maintaining deposits in one bank. At June 30, 2024, there were deposits of approximately \$3,465,343 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, 2024 and 2023 were \$35,412 and \$29,477 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, 2024 and 2023, the Coalition received \$854,964 and \$914,933 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
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 11 – IN-KIND CONTRIBUTIONS

Donated services for the fiscal years ended June 30, 2024 and 2023, included in the financial statements, were as follows:

	<u>2024</u>	<u>2023</u>
Early Head Start - Volunteers	\$ 318,788	\$ 221,828
Early Head Start - Fringe Benefits	73,210	48,210
Early Head Start - Consultants	4,665	3,889
Rent	74,280	74,280
Utilities	6,000	6,000
	<u>\$ 476,943</u>	<u>\$ 354,207</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 November 26, 2024, which is the date the financial statements were available to be issued and have been appropriately recorded or disclosed.

Subsequent to year-end, the Organization received two payments totaling \$1,032,000 from the Louisiana Department of Education to continue funding the B to 3 program for six months. For the fiscal year 2024-2025, the State of Louisiana made budget cuts to some programs from the Department of Education. The programs affected include Ready Start Community Networks, Believe, Lead Agencies, and EC Guide. The total loss of funding for the new fiscal year is expected to be \$2 million.

In October, 2024, the Executive Director resigned effective December 6, 2024. A search for a new Executive Director is currently underway.

SUPPLEMENTARY INFORMATION

CHILDREN’S COALITION FOR NORTHEAST LOUISIANA, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

	Assistance Listing Number	Pass-Through Grantor No.	Passed Through to Subrecipient	Federal Expenditures
United States Department of Agriculture				
Passed Through Louisiana Department of Education:				
Child and Adult Care Food Program	10.558			\$ 76,703
Total United States Department of Agriculture				<u>76,703</u>
United States Department of Health and Human Services				
Direct Programs:				
Early Head Start Cluster:				
Early Head Start Grant	93.600			1,212,154
Combined Early Head Start Expansion and EHS-Child Care Partnership	93.600			1,406,537
Total Early Head Start Cluster				<u>2,618,691</u>
Drug-Free Communities Support Program	93.276			<u>70,523</u>
Passed Through Louisiana Department of Education:				
Child Care and Development Block Grant Cluster:				
Believe and Prepare - Early Childhood	93.575			137,574
Believe Cat 2 CCDBG	93.575	28-24-B2CC-A5		174,500
Believe Cat 4 CCDBG	93.575	28-21-B4CC-A5		140,000
B-3 Seats CCDBG CCDF	93.575			69,550
Lead Agency CCDBG	93.575	28-21-COLG-A5		2,211
Guide CCDF	93.575	28-24-GCDF-A5		50,000
Family Child Care	93.575	28-21-FCCE-A5		114,439
Ready Start Networks CCDBG	93.575	28-24-CORA-A5		500,000
Lead Agency CCDF	93.596	28-23-COLC-A5		217,350
Ready Start Networks CCDF	93.596	28-24-CORC-A5		250,000
Total CCDF Cluster				<u>1,655,624</u>
Every Student Succeeds Act/Preschool Development Grants Program:				
Ready Start Networks PDG	93.434	28-22-COLP-A5		296,879
Ready Start Networks PDG23	93.434	28-24-CORP-A5		350,000
Believe Cat1 PDG	93.434	28-24-B1PD-A5		250,073
Believe Cat3 PDG	93.434	28-24-B3PD-A5		28,000
Guide PDG 2023	93.434	28-24-GP23-A5		49,995
				<u>974,947</u>
Passed Through Louisiana Department of Children and Family Services:				
Promoting Safe and Stable Families	93.556		<u>119,952</u>	<u>692,033</u>
Total United States Department of Health and Human Services				<u>6,011,818</u>
Total Federal Expenditures			<u>\$ 119,952</u>	<u>\$ 6,088,521</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, 2024

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, 2024. 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, 2024

Agency Head Name: Kristie Bardell, Executive Director

Purpose	Amount
Salary	\$0
Benefits - FICA	0
Benefits - Insurance	0
Benefits - Retirement	0
Total	\$0

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.



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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, 2024, 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 November 26, 2024.

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
November 26, 2024



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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, 2024. 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, 2024.

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
November 26, 2024

CHILDREN’S COALITION FOR NORTHEAST LOUISIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

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>ALN No.</u>
DHHS –Every Student Succeeds Act/ Preschool Development Grants Program	93.434
DHHS – Promoting Safe and Stable Families	93.556

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, 2024

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

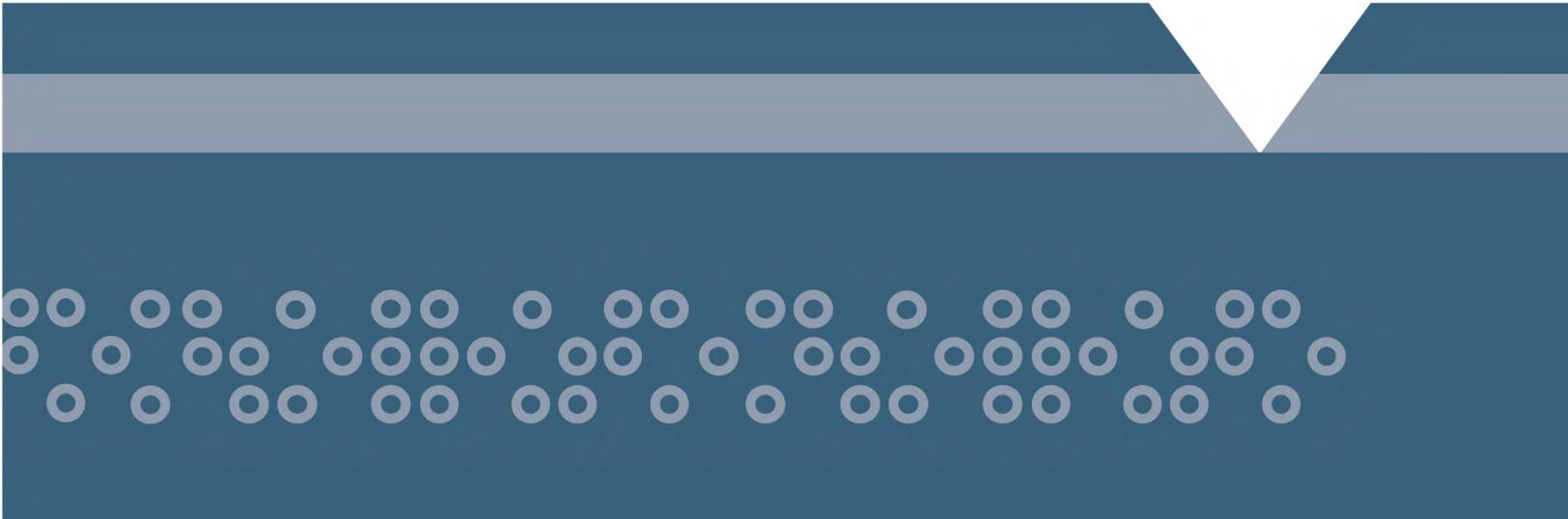
**CHILDREN'S COALITION FOR NORTHEAST LOUISIANA, INC.
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2024**

No findings were reported for the current year.

Children's Coalition for Northeast Louisiana, Inc.

Monroe, Louisiana

Agreed-Upon Procedures Report 2024



CERTIFIED PUBLIC
ACCOUNTANTS



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Board of Directors
Children's Coalition For Northeast Louisiana, Inc.
West 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, 2023 through June 30, 2024. Management of Children's Coalition For Northeast Louisiana, Inc. (CCNELA) is responsible for those C/C areas identified in the SAUPs. These Statewide Agreed-Upon Procedures were applied only to CCNELA's control and compliance areas, as these are the areas that involve the use of public monies.

CCNELA 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, 2023 through June 30, 2024. 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

1. Obtain and inspect the entity's written policies and procedures and observe whether 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

The entity has an adequate policy regarding budgeting.

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.

The entity has an adequate policy regarding purchasing.

- c) **Disbursements**, including processing, reviewing, and approving.

The entity has an adequate policy regarding disbursements.

- 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).

The entity has an adequate policy regarding receipts/collections.

- 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 rates of pay or approval and maintenance of pay rate schedules.

The entity has an adequate policy regarding payroll/personnel.

- 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.

The entity has an adequate policy regarding contracting.

- g) **Credit Cards (and debit cards, fuel cards, purchase 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)

The entity has an adequate policy regarding credit cards.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

The entity has an adequate policy regarding travel and expense reimbursements.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statutes 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.

Not applicable to CCNELA as a non-profit organization.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Not applicable to CCNELA as a non-profit organization.

- 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.

The entity has an adequate policy regarding information technology disaster recovery/business continuity.

- l) **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Not applicable to CCNELA as a non-profit organization.

Board or Finance Committee

- 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.

The board and executive committee met with a quorum on a frequency in accordance with the entity's bylaws.

- b) For those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

The minutes referenced monthly financial statements that included activity relating to public funds.

- c) Observe whether the board/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.

Not applicable; no audit findings were identified.

Bank Reconciliations

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);

Bank reconciliations were prepared for each account selected and included evidence of having been prepared within 2 months of the related statement closing date.

- b) Bank reconciliations include evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and

Bank reconciliations evidenced review by an independent member of management within 1 month of preparation.

- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No reconciling items outstanding for more than 12 months from the statement closing date.

Collections (excluding electronic funds transfers)

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).

A listing of deposit sites was obtained from management.

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 responsible for cash collections do not share cash drawers/registers.

Each employee responsible for collecting cash does not share the cash drawer with another employee.

- b) Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

Entity has an employee who opens the mail receiving checks and is not associated with making deposits.

- c) Each employee responsible for collecting cash is not also 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.

Each employee responsible for collecting cash does not post collection entries to the general or subsidiary ledgers.

- 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, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

The employee responsible for reconciling cash collections to the general or subsidiary ledgers is not responsible for collecting cash.

- 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 in force during the fiscal period.

The entity is covered for theft under an insurance policy that was in effect during the fiscal period.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliation procedure #3 (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.

No exceptions.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions.

- 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).

No exceptions.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions.

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).

A listing of locations was obtained from management.

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.

An employee can initiate a purchase request, which is then approved by a supervisor or purchasing agent.

- b) At least two employees are involved in processing and approving payments to vendors.

The Director of Grants and Budgets processes vendor payments and payments are approved by the ED and an authorized board member.

- 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.

The CFO has the ability to modify/add vendor files; however, he does not process payments.

- 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.

All checks are signed by the ED and the accounts payable clerk mails the checks. They have no responsibilities with 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 (ETF), wire transfer, or some other electronic means.

All electronics disbursements of funds are approved by the ED.

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 whether the disbursement, whether by paper or electronic means, matched the related original invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

For all selections, no exceptions noted.

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

For all selections, no exceptions noted.

11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure 3, 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. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

For all selections, no exceptions noted.

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

12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards, 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.

A listing of credit cards was obtained from management.

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 whether 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.

Someone other than the cardholder approved, in writing, all five cards selected.

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

Finance charges and late fees were not assessed on the selected statements.

14. Using the monthly statements or combined statements selected under procedure #13 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 observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

For all selections, no exceptions noted.

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

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).

No exceptions noted.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions noted.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1.h).

No exceptions noted.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

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 whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Not applicable.

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

No exceptions to procedure noted.

- 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); and

No amendments to the contracts noted; therefore, this procedure is not applicable.

- 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.

No exceptions to procedure noted.

Payroll and Personnel

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.

Obtained listing from Management and agreed selected employees' salaries and pay rates without exception.

18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #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).

No exceptions noted.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions noted.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Records covering accrued and used leave appear reasonable.

- d) Observe that the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

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's or officials' cumulative 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.

No exceptions noted.

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.

Management's representation was obtained covering these statements.

Ethics

21. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.

Not applicable to CCNELA as a non-profit organization.

- b. Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Not applicable to CCNELA as a non-profit organization.

22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Not applicable to CCNELA as a non-profit organization.

Debt Service

Not applicable since the entity is a non-profit organization.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

N/A – no misappropriations of public funds identified during the fiscal period.

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

No exceptions noted.

Information Technology Disaster Recovery/Business Continuity

25. 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 that such backup (a) occurred within the past week, (b) was not stored on the entity's local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

- b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- 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.

We performed the procedure and discussed the results with management.

26. 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.

No exceptions noted.

27. Randomly Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's

information technology assets have completed cybersecurity training as required by R.S. 42:12671. The requirements are as follows:

We performed the procedure and discussed the results with management.

Prevention of Sexual Harassment

Not applicable since the entity is a non-profit organization.

We were engaged by CCNELA 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 CCNELA 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

Monroe, Louisiana
November 26, 2024