

**MacDonell United Methodist  
Children's Services, Inc.**

Financial Statements and  
Independent Auditor's Report

Years Ended  
June 30, 2024 and 2023

**MacDonell United Methodist Children's Services, Inc.**  
**Table of Contents**  
**Years Ended June 30, 2024 and 2023**

	<u>Page</u>
<b>Independent Auditor's Report</b>	1-3
<b>Financial Statements</b>	
Statements of Financial Position	4
Statements of Activities	5
Statement of Functional Expenses - June 30, 2024	6
Statement of Functional Expenses - June 30, 2023	7
Statements of Cash Flows	8
Notes to Financial Statements	9-18
<b>Supplementary Information</b>	
Schedule of Compensation, Benefits, and Other Payments to the Executive Director	19
<b>Special Report of Certified Public Accountants</b>	
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 <i>Government Auditing Standards</i>	20-21
<b>Schedule of Findings and Responses</b>	22
<b>Reports by Management</b>	
Schedule of Prior Findings and Resolution Matters	23
Management's Corrective Action Plan for Current Year Findings	24

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
MacDonell United Methodist Children's Services, Inc.  
Houma, Louisiana

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

#### ***Opinion***

We have audited the financial statements of MacDonell United Methodist Children's Services, Inc., which comprise the statement 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 accompanying financial statements present fairly, in all material respects, the financial position of MacDonell United Methodist Children's Services, Inc. as of June 30, 2024 and 2023 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit 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*, 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 MacDonell United Methodist Children's Services, Inc. and to meet our other ethical responsibilities, in accordance with the 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 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 MacDonell United Methodist Children's Services Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 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 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, 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 MacDonell United Methodist Children's Services Inc.'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 MacDonell United Methodist Children's Services Inc.'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.

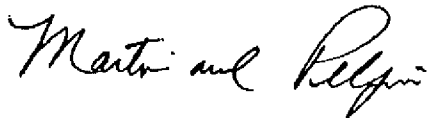
### ***Supplemental Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise MacDonell United Methodist Children's Services Inc.'s basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to the Executive Director on page 19 is presented for purposes of additional analysis and is not a required part of the financial statements.

The Schedule of Compensation, Benefits, and Other Payments to the Executive Director is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to the Executive Director is fairly stated in all material respects in relation to the basic 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 October 29, 2024, on our consideration of MacDonell United Methodist Children's Services Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 MacDonell United Methodist Children's Services Inc.'s internal control over financial reporting and compliance.



Houma, Louisiana  
October 29, 2024

## FINANCIAL STATEMENTS

**MacDonell United Methodist Children's Services, Inc.**  
**Statements of Financial Position**  
June 30, 2024 and 2023

	2024	2023
<b>Assets</b>		
Current Assets		
Cash	\$ 324,147	\$ 473,789
Investments	527,220	464,772
Restricted trust - investments	143,344	143,344
Due from state agency	116,694	117,488
Due from other	91,958	30,000
Prepaid insurance	61,382	62,100
Total Current Assets	1,264,745	1,291,493
Non-current Assets		
Property and equipment, net	1,489,657	1,534,126
<b>Total Assets</b>	<b>\$ 2,754,402</b>	<b>\$ 2,825,619</b>
<b>Liabilities</b>		
Current Liabilities		
Accounts payable	\$ 28,859	\$ 27,096
Accrued salaries	23,279	17,763
Payroll taxes payable	11,279	11,565
Note payable	-	3,383
Insurance payable	28,554	28,536
Other accrued expenses	1,209	12,286
Total Current Liabilities	93,180	100,629
Long-term Liabilities		
Compensated absences	12,997	11,232
<b>Total Liabilities</b>	<b>106,177</b>	<b>111,861</b>
<b>Net Assets</b>		
Without donor restrictions		
Designated	168,927	168,927
Undesignated	2,415,207	2,480,740
Total Net Assets Without Donor Restrictions	2,584,134	2,649,667
With donor restrictions	64,091	64,091
<b>Total Net Assets</b>	<b>2,648,225</b>	<b>2,713,758</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,754,402</b>	<b>\$ 2,825,619</b>

See accompanying notes.

**MacDonell United Methodist Children's Services, Inc.**  
**Statements of Activities**  
**Years Ended June 30, 2024 and 2023**

	2024			2023		
	With Donor Restrictions	Without Donor Restrictions	Total	With Donor Restrictions	Without Donor Restrictions	Total
<b>Support</b>						
State of Louisiana - Dept. of Social Services	\$ -	\$ 1,337,719	\$1,337,719	\$ -	\$ 1,600,452	\$1,600,452
General Board of Global Ministries of the United Methodist Church	-	12,500	12,500	-	20,000	20,000
Churches and other affiliates	-	16,796	16,796	-	9,215	9,215
Contributions - individuals and others	-	60,393	60,393	-	191,040	191,040
Special events	-	162,187	162,187	-	107,298	107,298
<b>Total Support</b>	<b>-</b>	<b>1,589,595</b>	<b>1,589,595</b>	<b>-</b>	<b>1,928,005</b>	<b>1,928,005</b>
<b>Other Revenue</b>						
Interest income	-	53,090	53,090	-	38,297	38,297
Investment return	-	61,153	61,153	-	37,580	37,580
Other income	-	122,349	122,349	-	38,403	38,403
<b>Total Other Revenue</b>	<b>-</b>	<b>236,592</b>	<b>236,592</b>	<b>-</b>	<b>114,280</b>	<b>114,280</b>
<b>Expenses</b>						
Program services	-	1,086,448	1,086,448	-	1,152,317	1,152,317
Support services	-	805,272	805,272	-	825,831	825,831
<b>Total Expenses</b>	<b>-</b>	<b>1,891,720</b>	<b>1,891,720</b>	<b>-</b>	<b>1,978,148</b>	<b>1,978,148</b>
<b>Change in Net Assets</b>	<b>-</b>	<b>(65,533)</b>	<b>(65,533)</b>	<b>-</b>	<b>64,137</b>	<b>64,137</b>
<b>Net Assets, Beginning of Year</b>	<b>64,091</b>	<b>2,649,667</b>	<b>2,713,758</b>	<b>64,091</b>	<b>2,585,530</b>	<b>2,649,621</b>
<b>Net Assets, End of Year</b>	<b>\$ 64,091</b>	<b>\$ 2,584,134</b>	<b>\$2,648,225</b>	<b>\$ 64,091</b>	<b>\$ 2,649,667</b>	<b>\$2,713,758</b>

See accompanying notes.



**MacDonell United Methodist Children's Services, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2024**

	Program Services						Support Services				
	Therapeutic and Training	Plant Operations and Maintenance	Costs Related to Capital Assets	Dietary	Recreational	Other	Total Program Services	Administrative and General	Fund Raising	Total Support Services	Total Expenses
Salaries	\$ 654,622	\$ -	\$ -	\$ -	\$ 6,233	\$ -	\$ 660,855	\$ 357,813	\$ -	\$ 357,813	\$ 1,018,668
Payroll taxes	52,845	2,965	-	-	13,792	-	69,602	13,005	-	13,005	82,607
<b>Total</b>	<b>707,467</b>	<b>2,965</b>	<b>-</b>	<b>-</b>	<b>20,025</b>	<b>-</b>	<b>730,457</b>	<b>370,818</b>	<b>-</b>	<b>370,818</b>	<b>1,101,275</b>
Insurance	-	-	-	-	-	-	-	182,840	-	182,840	182,840
Depreciation	-	-	108,899	-	-	-	108,899	-	-	-	108,899
Repairs and maintenance	-	87,302	-	-	-	-	87,302	-	-	-	87,302
Professional services	-	-	-	-	-	-	-	71,402	-	71,402	71,402
Activities and supplies	-	-	-	-	34,819	-	34,819	-	34,375	34,375	69,194
Food and beverage	-	-	-	54,296	-	-	54,296	-	1,786	1,786	56,082
Telephone	-	-	-	-	-	-	-	46,301	-	46,301	46,301
Utilities	-	44,248	-	-	-	-	44,248	-	-	-	44,248
Motor vehicles	-	-	-	-	-	-	-	26,908	-	26,908	26,908
Other supplies	-	2,645	-	-	-	12,483	15,128	11,599	-	11,599	26,727
Advertising and promotion	-	-	-	-	-	-	-	21,339	-	21,339	21,339
Dues and subscriptions	-	-	-	-	-	-	-	11,658	-	11,658	11,658
Office supplies	-	-	-	-	-	-	-	7,030	1,272	8,302	8,302
Miscellaneous	-	-	-	-	-	-	-	6,905	815	7,720	7,720
Postage	-	-	-	-	-	-	-	3,930	466	4,396	4,396
Medical supplies	-	-	-	-	-	4,162	4,162	-	-	-	4,162
Clothing	-	-	-	-	-	4,001	4,001	-	-	-	4,001
Printing	-	-	-	-	-	-	-	3,416	-	3,416	3,416
Personal items	-	-	-	-	-	3,136	3,136	-	-	-	3,136
Travel	-	-	-	-	-	-	-	2,130	-	2,130	2,130
Interest	-	-	-	-	-	-	-	282	-	282	282
<b>Total Expenses</b>	<b>\$ 707,467</b>	<b>\$ 137,160</b>	<b>\$ 108,899</b>	<b>\$ 54,296</b>	<b>\$ 54,844</b>	<b>\$ 23,782</b>	<b>\$ 1,086,448</b>	<b>\$ 766,558</b>	<b>\$ 38,714</b>	<b>\$ 805,272</b>	<b>\$ 1,891,720</b>

See accompanying notes.

**MacDonell United Methodist Children's Services, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2023**

	Program Services						Support Services				
	Therapeutic and Training	Plant Operations and Maintenance	Costs Related to Capital Assets	Dietary	Recreational	Other	Total Program Services	Administrative and General	Fund Raising	Total Support Services	Total Expenses
Salaries	\$ 655,818	\$ 58,313	\$ -	\$ -	\$ 13,680	\$ -	\$ 727,811	\$ 369,196	\$ -	\$ 369,196	\$1,097,007
Payroll taxes	55,388	4,734	-	-	18,864	-	78,986	12,356	-	12,356	91,342
<b>Total</b>	<b>711,206</b>	<b>63,047</b>	<b>-</b>	<b>-</b>	<b>32,544</b>	<b>-</b>	<b>806,797</b>	<b>381,552</b>	<b>-</b>	<b>381,552</b>	<b>1,188,349</b>
Insurance	-	-	-	-	-	-	-	195,668	-	195,668	195,668
Professional services	-	-	-	-	-	-	-	112,752	-	112,752	112,752
Depreciation	-	-	97,821	-	-	-	97,821	-	-	-	97,821
Food and beverage	-	-	-	85,212	-	-	85,212	-	1,619	1,619	86,831
Telephone	-	-	-	-	-	-	-	54,895	-	54,895	54,895
Repairs and maintenance	-	43,035	-	-	-	-	43,035	-	-	-	43,035
Utilities	-	56,314	-	-	-	-	56,314	-	-	-	56,314
Other supplies	-	4,710	-	-	-	11,345	16,055	16,330	-	16,330	32,385
Activities and supplies	-	-	-	-	35,334	-	35,334	-	-	-	35,334
Motor vehicles	-	-	-	-	-	-	-	27,141	-	27,141	27,141
Miscellaneous	-	-	-	-	-	-	-	4,993	867	5,860	5,860
Office supplies	-	-	-	-	-	-	-	8,026	549	8,575	8,575
Printing	-	-	-	-	-	-	-	6,814	742	7,556	7,556
Advertising and promotion	-	-	-	-	-	-	-	1,258	-	1,258	1,258
Medical supplies	-	-	-	-	-	1,951	1,951	-	-	-	1,951
Dues and subscriptions	-	-	-	-	-	-	-	7,468	-	7,468	7,468
Clothing	-	-	-	-	-	5,492	5,492	-	-	-	5,492
Postage	-	-	-	-	-	-	-	3,015	410	3,425	3,425
Personal items	-	-	-	-	-	4,306	4,306	-	-	-	4,306
Travel	-	-	-	-	-	-	-	1,528	-	1,528	1,528
Interest	-	-	-	-	-	-	-	204	-	204	204
<b>Total Expenses</b>	<b>\$ 711,206</b>	<b>\$ 167,106</b>	<b>\$ 97,821</b>	<b>\$ 85,212</b>	<b>\$ 67,878</b>	<b>\$ 23,094</b>	<b>\$ 1,152,317</b>	<b>\$ 821,644</b>	<b>\$ 4,187</b>	<b>\$ 825,831</b>	<b>\$ 1,978,148</b>

See accompanying notes.

**MacDonell United Methodist Children's Services, Inc.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2024 and 2023**

	2024	2023
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (65,533)	\$ 64,137
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	108,899	97,821
Unrealized gain on investments	(62,448)	(32,345)
Loss on disposal of property and equipment	3,025	-
Changes in assets and liabilities:		
Due from state agency	794	(40,946)
Due from other	(61,958)	(30,000)
Prepaid insurance	718	4,705
Accounts payable	1,763	6,766
Accrued expenses	(11,544)	10,269
Insurance payable	5,715	5,715
Compensated absences	1,765	1,203
Net Cash Provided by (Used in) Operating Activities	(78,804)	87,325
<b>Cash Flows Used in Investing Activities</b>		
Purchases of property and equipment	(67,455)	(184,720)
<b>Cash Flows Used in Financing Activities</b>		
Principal payments of note payable	(3,383)	(5,735)
<b>Net Decrease in Cash</b>	(149,642)	(103,130)
<b>Cash and Cash Equivalents</b>		
Beginning of Year	473,789	576,919
End of Year	\$ 324,147	\$ 473,789
 <b>Supplemental Disclosure of Cash Flow Information</b>		
Interest on note payable	\$ 282	\$ 204

See accompanying notes.

**MacDonell United Methodist Children's Services, Inc.**

Notes to Financial Statements  
Years Ended June 30, 2024 and 2023

**Note 1 – Summary of Significant Accounting Policies**

- A. Nature of the Organization – MacDonell United Methodist Children's Services, Inc. (the "Organization") is the successor to the MacDonell United Methodist Children's Agency which was founded by Miss Ella K. Hooper in 1919 as a French mission school. Today, the Organization is a residential home for children whose circumstances leave them in need of a safe group living experience. The Organization provides care, education, Christian nurture, study and treatment for children in need of care outside their own homes. The Organization is licensed by the Louisiana State Department of Social Services for 38 residents.
- B. Basis of Accounting – The accompanying financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Support and revenues are recognized when earned and expenses are recognized when incurred.
- C. Basis of Presentation – The financial statement presentation is in accordance with the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Accordingly, the Organization reports information regarding its financial position and activities according to two classes of net assets:
1. Net Assets Without Donor Restrictions – Net assets for general use that are not subject to donor-imposed restrictions.
  2. Net Assets With Donor Restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Once expended for their restricted purpose, these restricted net assets are released to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.
- D. Cash and Cash Equivalents – For the purpose of the Statements of Cash Flows, the Organization considers all cash, including restricted cash, and other highly liquid investments with initial maturities of three months or less to be cash equivalents, exclusive of investments in the Operating and Restricted Trusts. The Organization had two certificates of deposits totaling \$200,000 in cash equivalents as of June 30, 2023. The certificates of deposits totaled \$210,303 as of June 30, 2024.
- E. Investment Securities – Investments consist of assets held in an Operating Trust, Restricted Trust, and the Greater New Orleans Foundation. All investments are stated at their fair market value in the Statements of Financial Position.

The Operating and Restricted Trusts are included in an investment pool administered by the United Methodist Foundation. The investment pool is operated using the "market value unit method". Under this method, each participant is assigned a number of units based on the relationship of the market value of all investments at the time of

**MacDonell United Methodist Children's Services, Inc.**

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

**Note 1 – Summary of Significant Accounting Policies (Cont.)**

entry in the pool. Periodically, the pooled assets are valued. The new asset values are used to determine the number of units to be allocated to participants entering or withdrawing from the pools. Investment pool income, gains and losses are allocated based on the number of units held by each participant during the period. The Restricted Trust includes but is not limited to net assets with donor restrictions. Pooled accounts managed by the Greater New Orleans Foundation are reported at fair market value, including any pro rata gains and losses.

- F. Promises to Give – Contributions are recognized when a donor makes an unconditional promise to give to the Organization. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give are recognized as assets and revenues. As of June 30, 2024 and 2023, there were no promises to give.

Contributions received are recorded as support, and are classified as either support with donor restrictions or without donor restrictions, depending on the existence or nature of any stipulations. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

- G. Bad Debts – The financial statements of the Organization contain no allowance for bad debts. Uncollectible receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or change in net assets.

- H. Property and Equipment – Property and equipment are recorded at cost. Replacements and major improvements of \$250 or more are capitalized; maintenance and repairs are charged to operations as incurred. The Organization assesses its long-lived assets for impairment when indicators are identified, but at least annually. Historically, no other than temporary impairments have been identified. Depreciation is computed using the straight-line method over the lives over the assets' estimated useful lives as shown below:

Land	N/A
Land Improvements	10 - 20 Years
Buildings	10 - 40 Years
Building Improvements	11 - 20 Years
Machinery and Equipment	7 - 8 Years
Furniture and Fixtures	5 - 15 Years
Autos and Trucks	3 - 5 Years

**MacDonell United Methodist Children's Services, Inc.**  
Notes to Financial Statements  
Years Ended June 30, 2024 and 2023

**Note 1 – Summary of Significant Accounting Policies (Cont.)**

- I. Compensated Absences – Full-time staff are entitled to paid vacations and holiday time after one full year of employment. Vacations must be taken within the twelve months following the anniversary date of employment. Vacation time not used by this time will be forfeited and cannot be accrued from year to year unless the Organization requests an employee to postpone vacation for the good of the program. Terminating employees will be paid for unused vacation leave time if leaving prior to their anniversary date. The total amount of accrued accumulated vacation leave as of June 30, 2024 and 2023 was \$12,997 and \$11,232, respectively.

Sick leave accrues at one-half day per month, or six days per year. An employee may accumulate sick leave up to a maximum of twelve days. Sick leave does not vest with the employee and, therefore, is forfeited upon termination.

- J. Designated Net Assets – As of June 30, 2024 and 2023, the Organization's Board designated \$168,927 of its net assets to be used for plant expansion.
- K. Income Taxes – The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes; however, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Organization's Form 990, Return of Organization Exempt from Income Tax, is generally subject to examination by the Internal Revenue Service for three years after the return was filed.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management believes that the Organization has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

- L. Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 2 – Investments**

The fair values of investments reported in investments without donor restrictions (Operating Trust and the Greater New Orleans Foundation) and with donor restricted trusts totaled \$670,564 and \$608,116 as of June 30, 2024 and 2023, respectively.

**MacDonell United Methodist Children's Services, Inc.**  
Notes to Financial Statements  
Years Ended June 30, 2024 and 2023

**Note 2 – Investments (Cont.)**

The following schedule summarizes investment returns and their classification in the Statements of Activities for the years ended:

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest income	\$ 10,670	\$ -	\$ 10,670	\$ 7,413	\$ -	\$ 7,413
Net realized and unrealized gains	62,448	-	62,448	32,345	-	32,345
Fees	(11,965)	-	(11,965)	(2,178)	-	(2,178)
Total investment return	\$ 61,153	\$ -	\$ 61,153	\$ 37,580	\$ -	\$ 37,580

**Note 3 – Fair Value Measurement**

The fair values of financial instruments have been determined through quoted market prices, comparable market prices, or present value techniques to approximate the amounts recorded in the Statements of Financial Position.

Under the FASB's authoritative guidance on fair value measurements, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FASB ASC 820, Fair Value Measurement, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The inputs in the three levels of this hierarchy are described as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, as of the reporting date.

Level 3 – Valuations based on inputs that are unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

**MacDonell United Methodist Children's Services, Inc.**

Notes to Financial Statements  
Years Ended June 30, 2024 and 2023

**Note 3 – Fair Value Measurement (Cont.)**

Investments held in pooled accounts managed by United Methodist Foundation and Greater New Orleans Foundation are included in Level 2 of the fair value hierarchy as the investment pool is valued using the net asset value as reported by the custodian. The net asset values are determined based on the fair values of the underlying investments. The custodian uses independent pricing services, where available, to value the securities. If an independent pricing service does not value a security or the value is not, in the view of the custodian, representative of the market value, the custodian will attempt to obtain a price quote from a secondary pricing source, which may include third party brokers, investment advisors, and principal market makers or affiliated pricing services. If a secondary source is unable to provide a price, the custodian may obtain a quotation from the counterparty that sold the security.

This method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

For the years ended June 30, 2024 and 2023, investments in marketable securities are reported at fair value on a recurring basis determined by reference to quoted market prices and other relevant information generated by market transactions. Assets as of June 30, 2024 and 2023 measured at fair value on a recurring basis are comprised of and determined as follows:

Description	2024			Fair Value
	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Operating Trust managed by United Methodist Foundation	\$ -	\$ 220,435	\$ -	\$ 220,435
Pooled accounts managed by Greater New Orleans Foundation	-	306,785	-	306,785
	-	527,220	-	527,220
Restricted Trust managed by United Methodist Foundation	-	143,344	-	143,344
Totals	<u>\$ -</u>	<u>\$ 670,564</u>	<u>\$ -</u>	<u>\$ 670,564</u>



**MacDonell United Methodist Children's Services, Inc.**  
Notes to Financial Statements  
Years Ended June 30, 2024 and 2023

**Note 3 – Fair Value Measurement (Cont.)**

Description	2023			Fair Value
	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Operating Trust managed by United Methodist Foundation	\$ -	\$ 188,634	\$ -	\$ 188,634
Pooled accounts managed by Greater New Orleans Foundation	-	276,138	-	276,138
	-	464,772	-	464,772
Restricted Trust managed by United Methodist Foundation	-	143,344	-	143,344
<b>Totals</b>	<b>\$ -</b>	<b>\$ 608,116</b>	<b>\$ -</b>	<b>\$ 608,116</b>

As of June 30, 2024 and 2023, there were no assets measured at fair values on a non-recurring basis.

The investment pools of the Operating and Restricted Trusts have been merged by the bank trustee. The administrator, the United Methodist Foundation, maintains separate accounting for the Operating and Restricted Trusts. The Operating Trust invests in high quality bonds and loans to Methodist Churches in the Louisiana Conference while the Restricted Trust seeks to produce growth and income by investing in equities and short to intermediate-term bonds. The Greater Foundation of New Orleans uses a total return approach to investment management and is structured to deliver a predictable rate of return across all market environments. The Operating and Restricted Trusts and Greater New Orleans Foundation consisted of the following as of June 30, 2024 and 2023:

	Operating and Restricted Trust		Greater New Orleans Foundation	
	2024	2023	2024	2023
Cash and cash equivalents	2.76%	3.20%	13.00%	13.60%
Fixed income securities	50.01%	47.50%	5.00%	6.40%
Equities	35.75%	39.70%	71.60%	67.90%
Real estate and mortgage	1.18%	1.60%	0.00%	0.00%
Hedge funds	10.30%	8.00%	10.40%	12.10%
<b>Totals</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**MacDonell United Methodist Children's Services, Inc.**

Notes to Financial Statements  
Years Ended June 30, 2024 and 2023

**Note 4 – Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for specific purpose, designated for subsequent periods, or held in perpetuity.

Net assets with donor restrictions as of June 30, 2024 and 2023 are available for the following purposes or periods:

Subject to expenditure for a specified purpose	
Construction of girls' dormitory	\$ 35,816
Subject to the Organization's spending policy	
Funds held in perpetuity	<u>28,275</u>
Totals	<u>\$ 64,091</u>

**Note 5 – Governing Board Designations**

Governing Board designations of net assets consist of \$168,927 designated for plant expansion as of June 30, 2024 and 2023.

**Note 6 – Property and Equipment**

Property and equipment consist of the following at June 30, 2024 and 2023:

	<u>2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>2024</u>
Land improvements	\$ 82,046	\$ -	\$ -	\$ 82,046
Buildings	907,463	-	-	907,463
Building improvements	1,439,577	12,721	-	1,452,298
Machinery and equipment	236,134	-	-	236,134
Furniture and fixtures	127,152	1,759	-	128,911
Autos and trucks	<u>139,452</u>	<u>52,975</u>	<u>(77,880)</u>	<u>114,547</u>
	2,931,824	67,455	(77,880)	2,921,399
Accumulated depreciation	<u>(1,397,698)</u>	<u>(108,899)</u>	<u>74,855</u>	<u>(1,431,742)</u>
Property and equipment, net	<u>\$ 1,534,126</u>	<u>\$ (41,444)</u>	<u>\$ (3,025)</u>	<u>\$ 1,489,657</u>

Depreciation expense totaled \$108,899 and \$97,821 for the years ended June 30, 2024 and 2023, respectively.

**MacDonell United Methodist Children's Services, Inc.**  
Notes to Financial Statements  
Years Ended June 30, 2024 and 2023

**Note 7 – Note Payable**

The Organization had a promissory note payable to the United Methodist Foundation with a balance of \$3,383 as of June 30, 2023 which was satisfied during the 2024 fiscal year.

Related to this note, the Organization recorded interest expense of \$282 and \$204 for the years ended June 30, 2024 and 2023, respectively.

**Note 8 – Risk Management**

The Organization is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended June 30, 2023. During the year ended June 30, 2024, there were two insurance claims for which the Organization received funds from its insurers. One of these claims was related to an accident in which a vehicle owned by the Organization was considered totaled. The amount received in connection with this claim was \$14,196. The other claim was related to property damages sustained from Hurricane Ida, for which \$63,848 was received.

**Note 9 – Concentrations of Risk**

MacDonell United Methodist Children's Services, Inc. maintains its deposits at two banks. Its accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2024, all deposits were fully insured by FDIC coverage. Management does not believe the Organization has significant risk related to its bank deposits.

**Note 10 – Liquidity and Availability**

The Organization receives support both with donor restrictions and without donor restrictions. Contributions without donor restrictions, fundraising events, facility rentals, and miscellaneous income are considered to be available to meet cash needs for general expenditures. General expenditures include program services, general and administrative, and fundraising expenses. Annual operations are defined as activities occurring during, and included in the budget for, the upcoming fiscal year.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. Although the Organization does not intend to spend from its investment funds other than amounts appropriated for general expenditures, amounts from its investment funds could be made available as necessary.

**MacDonell United Methodist Children's Services, Inc.**

Notes to Financial Statements  
Years Ended June 30, 2024 and 2023

**Note 10 – Liquidity and Availability (Cont.)**

Occasionally, the Organization's board of directors designates a portion of any operating surplus for a particular purpose. The sub-total "Financial assets available to meet cash needs for general expenditures within one year before board designations" represents another liquidity total, as the board designated reserves can be changed and made available for immediate use in the event of an urgent liquidity need.

The following table represents financial assets available for general expenditures within one year as of June 30, 2024:

Financial assets	
Cash	\$ 324,147
Investments	527,220
Accounts receivables, state agencies	116,694
Accounts receivables, other	91,958
Total financial assets	1,060,019
Less amounts unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions	
Purpose restricted net assets	(35,816)
Funds held in perpetuity	(28,275)
Financial assets available to meet cash needs for general	995,928
Less board designations	(168,927)
Financial assets available to meet cash needs for general	<u>\$ 827,001</u>

**Note 11 – Risks and Uncertainties**

The Organization receives monies for reimbursement of daily child-care costs. The child-care reimbursement consists of state funding received through the Louisiana Department of Social Services under Title IV B and E (Administration for Children, Youth, and Families - Child Welfare Research and Demonstration). These payments are considered payments for services as opposed to a grant award. The total amounts received, net of clothing and personal needs allowances, for the years ended June 30, 2024 and 2023 were \$1,337,719 and \$1,600,452, respectively.

Reimbursements are determined based on a child-care day rate. Care will be provided at \$330 per day for residential rates, and \$166.28 less allowances for clothing and personal needs of \$3.34 and \$1.94, respectively, per child-care day, resulting in a net of \$161 per day for extended foster care rates. The Organization maintains records on a daily basis for each child in attendance at the Organization. The child-care days were 5,292 and 6,194, for the years ended June 30, 2024 and 2023 respectively. If significant budget cuts are made at the federal and/or state level, the amount of support the Organization receives could be reduced significantly and have an adverse impact on its operations.

**MacDonell United Methodist Children's Services, Inc.**  
Notes to Financial Statements  
Years Ended June 30, 2024 and 2023

**Note 12 – Collaboration Agreement**

Effective January 1, 2023, MacDonnell United Methodist Children's Services, Inc. (MUMCS) entered into a collaboration agreement with another 501(c)(3) entity with shared values and goals, whereby certain services will be provided by MUMCS to this organization. This agreement includes a provision that this entity will adopt a plan of dissolution, and upon settling all of its debts, the remaining assets will be transferred to MUMCS. This organization will compensate MUMCS \$4,600 per month for the providing of such services. The original agreement expired on September 30, 2023, and has been extended on a month-to-month basis until the transfer of assets is executed or is otherwise terminated by either party. Management expects this agreement to be upheld before the end of the next fiscal year.

**Note 13 – Subsequent Events**

MacDonell United Methodist Children's Services, Inc. has evaluated subsequent events through October 29, 2024, the date which the financial statements were available to be issued, and it was determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**SUPPLEMENTARY INFORMATION**

**MacDonell United Methodist Children's Services, Inc.**  
Schedule of Compensation, Benefits, and  
Other Payments to the Executive Director  
Year Ended June 30, 2024

Agency Head Name: Kevin Champagne, Executive Director

Description	Amount
Salary	\$ 84,557
Payroll taxes	6,489
Benefits - insurance	5,680
Benefits - retirement	1,963
Benefits - other	-
Car allowance	1,925
Vehicle provided by government	-
Per diem	-
Reimbursements	4,100
Cell phone allowance	325
Registration fees	1,262
Conference travel	-
Continuing professional education fees	-
Housing*	16,380
Unvouchered expenses	-
Meals	-
	<u>\$ 122,681</u>

\* - Estimated benefit received from required on-campus residence.

**Martin  
and  
Pellegrin**

103 Ramey Road  
Houma, Louisiana 70360

*Certified public Accountants  
(A Professional Corporation)*

Ph. (985) 851-3638  
Fax (985) 851-3951

**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**

To the Board of Directors of  
MacDonell United Methodist Children's Services, Inc.  
Houma, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of MacDonell United Methodist Children's Services, Inc. (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 29, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered MacDonell United Methodist Children's Services, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MacDonell United Methodist Children's Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of MacDonell United Methodist Children's Services, 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



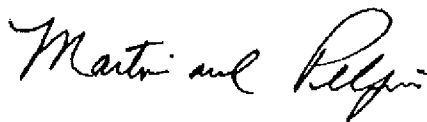
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether MacDonell United Methodist Children's Services, 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Houma, Louisiana  
October 29, 2024

**MacDonell United Methodist Children's Services, Inc.**  
Schedule of Findings and Responses  
Year Ended June 30, 2024

**Section I – Summary of Auditor's Results**

1. The auditor's report expresses an unmodified opinion on the financial statements of MacDonell United Methodist Children's Services, Inc.
2. No deficiencies in internal control were noted during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of MacDonell United Methodist Children's Services, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No instances of noncompliance under the provisions of the *Louisiana Governmental Audit Guide* were noted during the audit of the financial statements.
5. A management letter was not issued.

**Section II – Financial Statement Findings**

No findings material to the financial statements of MacDonell United Methodist Children's Services, Inc. were noted during the audit.

**Section III – Internal Control Findings**

No findings related to MacDonell United Methodist Children's Services, Inc.'s internal control, which would be required to be reported in accordance with *Government Auditing Standards*, were noted during the audit.

**Section IV – Findings and Responses – Major Federal Award Program Audit**

This section is not applicable.

**REPORTS BY MANAGEMENT**

**MacDonell United Methodist Children's Services, Inc.**  
Schedule of Prior Findings  
and Resolution Matters  
Year Ended June 30, 2024

Note: All prior findings relate to the June 30, 2023 audit engagement.

**Section I – Internal Control and Compliance Material to the Financial Statements**

This section is not applicable.

**Section II – Internal Control and Compliance Material to Federal Awards**

This section is not applicable.

**Section III – Management Letter**

This section is not applicable.

**MacDonell United Methodist Children's Services, Inc.**  
Management's Corrective Action  
Plan for Current Year Findings  
Year Ended June 30, 2024

**Section I – Internal Control and Compliance Material to the Financial Statements**

This section is not applicable.

**Section II – Internal Control and Compliance Material to Federal Awards**

This section is not applicable.

**Section III – Management Letter**

This section is not applicable.