

**LOUISIANA CENTER FOR CHILDREN'S RIGHTS
(A NONPROFIT ORGANIZATION)**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

JUNE 30, 2020 AND 2019

LOUISIANA CENTER FOR CHILDREN'S RIGHTS

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BERNARD & FRANKS
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Louisiana Center for Children's Rights
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Louisiana Center for Children's Rights, which comprise the statement of financial position as of June 30, 2020 and 2019, and the related statements of activities, statement of functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effective-ness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Emphasis of a Matter

As discussed in Note 2 to the financial statements, the Organization implemented the Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our conclusion is not modified with respect to this matter.

Opinion

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer on page 21 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Governmental Auditing Standards*, we have also issued our report dated September 24, 2020, on our consideration of the Organization'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 that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Metairie, Louisiana
September 24, 2020

LOUISIANA CENTER FOR CHILDREN'S RIGHTS

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,842,594	\$ 1,064,485
Accounts receivable	175,707	182,470
Unconditional promises to give, current portion	180,000	580,087
Prepaid expenses	51,289	41,846
Total current assets	\$ 2,249,590	\$ 1,868,888
PROPERTY AND EQUIPMENT	\$ 105,567	\$ 103,061
Less, accumulated depreciation	(101,098)	(94,704)
	\$ 4,469	\$ 8,357
OTHER ASSETS		
Long-term portion of unconditional promises to give	\$ 85,941	\$ 185,941
Total other assets	\$ 85,941	\$ 185,941
 Total assets	 \$ 2,340,000	 \$ 2,063,186
 CURRENT LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 4,500	\$ -
Payroll liabilities	-	6,000
Credit cards	1,824	9,101
Refundable advance	144,834	-
Total current liabilities	\$ 151,158	\$ 15,101
 NET ASSETS		
Without donor restrictions		
Undesignated	\$ 647,339	\$ 266,306
Board designated	15,000	15,000
With donor restrictions	1,526,503	1,766,779
Total net assets	\$ 2,188,842	\$ 2,048,085
 Total current liabilities and net assets	 \$ 2,340,000	 \$ 2,063,186

See notes to the financial statements.

LOUISIANA CENTER FOR CHILDREN'S RIGHTS

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Grants	\$ 357,941	\$ 589,297	\$ 947,238
Contracts	746,752	761,737	1,508,489
Contributions and fundraising	235,529	30,635	266,164
In kind contribution rent	67,500	-	67,500
Interest income	8,235	-	8,235
Miscellaneous	1,435	-	1,435
Other income	361,766	144,834	506,600
Net assets released from restrictions:			
Satisfaction of program restrictions	1,766,779	(1,766,779)	-
Total revenues, gains and support	\$ 3,545,937	\$ (240,276)	\$ 3,305,661
EXPENSES			
Program services	\$ 2,924,956	\$ -	\$ 2,924,956
Supporting services			
General and administrative	79,699	-	79,699
Fund raising	160,249	-	160,249
Total expenses	\$ 3,164,904	\$ -	\$ 3,164,904
Increase (decrease) in net assets	\$ 381,033	\$ (240,276)	\$ 140,757
NET ASSETS BEGINNING OF THE YEAR	281,306	1,766,779	2,048,085
NET ASSETS END OF THE YEAR	\$ 662,339	\$ 1,526,503	\$ 2,188,842

See notes to the financial statements.

LOUISIANA CENTER FOR CHILDREN'S RIGHTS

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Grants	\$ 458,631	\$ 926,548	\$ 1,385,179
Contracts	868,081	640,408	1,508,489
Contributions and fundraising	197,844	-	197,844
In kind contribution rent	67,500	-	67,500
Interest income	5,955	-	5,955
Net assets released from restrictions:			
Satisfaction of program restrictions	1,258,953	(1,258,953)	-
Total revenues, gains and support	\$ 2,856,964	\$ 308,003	\$ 3,164,967
EXPENSES			
Program services	\$ 2,326,323	\$ -	\$ 2,326,323
Supporting services			
General and administrative	99,448	-	99,448
Fund raising	174,069	-	174,069
Total expenses	\$ 2,599,840	\$ -	\$ 2,599,840
Increase in net assets	\$ 257,124	\$ 308,003	\$ 565,127
NET ASSETS BEGINNING OF THE YEAR	24,182	1,458,776	1,482,958
NET ASSETS END OF THE YEAR	\$ 281,306	\$ 1,766,779	\$ 2,048,085

See notes to the financial statements.

LOUISIANA CENTER FOR CHILDREN'S RIGHTS

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Compensation and related expenses				
Compensation	\$ 1,968,519	\$ 59,740	\$ 111,598	\$ 2,139,857
Employee benefits and taxes	470,314	12,121	24,801	507,236
Total	<u>\$ 2,438,833</u>	<u>\$ 71,861</u>	<u>\$ 136,399</u>	<u>\$ 2,647,093</u>
Client records and welfare	\$ 18,652	\$ -	\$ -	\$ 18,652
Computers and maintenance	35,041	1,043	1,979	38,063
Consultants and contractors	183,328	444	842	184,614
Copier and maintenance	2,255	67	127	2,449
Depreciation	5,886	175	332	6,393
Development and Marketing	-	-	8,976	8,976
Grants to Others	2,055	-	-	2,055
Insurance	14,858	442	839	16,139
Law library	5,911	-	-	5,911
Legal research	5,912	176	334	6,422
Meetings for board and staff	1,407	42	80	1,529
Office expense	22,441	668	1,268	24,377
Lobbying	27,761	-	-	27,761
Professional and association dues	6,047	180	342	6,569
Rent and utilities	80,829	2,406	4,566	87,801
Training	18,638	555	1,053	20,246
Travel and transportation	50,959	1,517	2,878	55,354
Volunteer and intern expense	4,143	123	234	4,500
Total expense	<u>\$ 2,924,956</u>	<u>\$ 79,699</u>	<u>\$ 160,249</u>	<u>\$ 3,164,904</u>

See notes to the financial statements.

LOUISIANA CENTER FOR CHILDREN'S RIGHTS

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Service	Supporting Services		Total
		General and Administrative	Fund Raising	
Compensation and related expenses				
Compensation	\$ 1,567,948	\$ 68,948	\$ 111,511	\$ 1,748,407
Employee benefits and taxes	345,098	13,605	23,509	382,212
Total	<u>\$ 1,913,046</u>	<u>\$ 82,553</u>	<u>\$ 135,020</u>	<u>\$ 2,130,619</u>
Client records and welfare	\$ 9,945	\$ -	\$ -	\$ 9,945
Computers and maintenance	38,771	1,671	2,738	43,180
Consultants and contractors	171,211	7,379	12,089	190,679
Copier and maintenance	2,892	125	204	3,221
Depreciation	10,572	456	747	11,775
Fundraising	-	-	11,370	11,370
Grants to others	750	-	-	750
Insurance	12,650	545	893	14,088
Law library	3,772	-	-	3,772
Legal research	1,196	-	-	1,196
Marketing	1,215	52	86	1,353
Meetings for board and staff	1,237	53	87	1,377
Office expense	23,446	1,011	1,656	26,113
Policy	5,238	-	-	5,238
Professional and association dues	6,402	276	452	7,130
Rent and utilities	67,612	2,914	4,774	75,300
Telephone	1,306	56	92	1,454
Training	14,264	615	1,007	15,886
Travel and transportation	40,418	1,742	2,854	45,014
Volunteer and intern expense	380	-	-	380
Total expense	<u>\$ 2,326,323</u>	<u>\$ 99,448</u>	<u>\$ 174,069</u>	<u>\$ 2,599,840</u>

See notes to the financial statements.

LOUISIANA CENTER FOR CHILDREN'S RIGHTS

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 140,757	\$ 565,127
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,394	11,775
Increase (decrease) in operating assets:		
Accounts receivable	6,762	(126,137)
Unconditional promises to give	500,087	132,176
Prepaid expenses	(9,442)	(10,439)
Increase (decrease) in operating liabilities:		
Payroll liabilities	(1,500)	(6,000)
Vacation accrual	-	(15,232)
Credit cards	(7,277)	9,101
Net cash provided by (used by) operating activities	\$ 635,781	\$ 560,371
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property and equipment	\$ (2,506)	\$ -
Refundable advance	144,834	-
Net cash provided by (used by) investing activities	\$ 142,328	\$ -
Net increase in cash and cash equivalents	\$ 778,109	\$ 560,371
Beginning cash and cash equivalents	\$ 1,064,485	\$ 504,114
Ending cash and cash equivalents	\$ 1,842,594	\$ 1,064,485

See notes to the financial statements.

LOUISIANA CENTER FOR CHILDREN'S RIGHTS

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Louisiana Center for Children's Rights is a nonprofit law office that supports the juvenile defense system of Louisiana. The Organization's mission and vision are as follows:

Mission

Using direct representation and advocacy, we fight to keep children out of the justice system so that they can thrive in their homes and communities.

Vision

We envision a Louisiana where every child, no matter their race or class, is free to be a kid and supported in becoming a healthy adult.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

LOUISIANA CENTER FOR CHILDREN'S RIGHTS

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable which consist of contracts for the provision of services are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The Organization considers accounts receivable to be fully collectible.

Unconditional Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on these amounts are computed using a risk-free interest rate of 5% applicable to the year in which the contribution is made. Amortization of the discount is included in contribution revenue.

Donated Materials, Services, and Supplies

Noncash donations are recorded as contributions at their fair value at the date of the donations. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the useful life of the assets as follows:

Furniture and Equipment 5 years

LOUISIANA CENTER FOR CHILDREN'S RIGHTS

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Refundable Advance

During 2020, the Organization received a restricted grant totaling \$496,600 that contained donor conditions. Since this grant is a promise, conditioned on future uncertain events, it is not recorded as contribution revenue until donor conditions are met. Funds received from the donor in advance of the conditions being met totaled \$144,834; are recorded as a refundable advance; and will subsequently be recognized as contribution revenue when donor conditions are met.

Contracts

Contracts for service revenue are recognized as earned as the services are provided in accordance with the approved contracts.

Contributions and Grants

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Concentrations

The Organization's primary source of revenue is derived from grants and contracts. For the years ended June 30, 2020 and 2019, \$946,447 and \$1,385,179 or 29% and 44% of the Organization's total gross revenue was from grants, \$1,508,489 and \$1,508,489 or 46% and 48% from contract revenue, \$506,600 and \$0, 15% and 0% was from Payment Protection Plan, \$267,955 and \$197,844 or 8% and 6% was from contributions and fundraising, and finally \$67,500 or 2% was from in kind contribution rent.

Expense Allocation

The costs of providing program services and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on use rates estimated by management.

Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is a less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority.

LOUISIANA CENTER FOR CHILDREN'S RIGHTS

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Status (continued)

Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the statement of financial position. The Organization did not recognize any unrelated tax liabilities. The Organization's tax years subject to examination by the Internal Revenue Service generally remain open for three years from the date of filing.

New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires that lessees to recognize right-of-use assets and lease liabilities for all leases with terms longer than 12 months. The ASU is effective for the Organization for periods beginning after December 15, 2020. The adoption of this standard is expected to result in the Organization's recognizing right-of-use assets and lease liabilities for some leases currently accounted for as operating leases under the legacy lease accounting guidance. Management is evaluating the impact of this standard on the Organization's financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU amends the existing accounting standards for revenue recognition, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method.

NOTE 2. IMPLEMENTATION OF NEW ACCOUNTING STANDARD

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not for-Profit Entities*, which simplifies and improves how a nonprofit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance and cash flows. Among other changes, the ASU replaced the three current classes of net assets with two new classes, net assets with donor restrictions and net assets without donor restrictions, and expands disclosures about the nature and amount of any donor restrictions. Implementation did not result in any quantitative changes to the financial position, activities, cash flows or net assets.

NOTE 3. CASH AND CASH EQUIVALENTS

The Organization maintains two bank accounts at one bank in New Orleans, Louisiana. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) for amounts up to \$250,000 for interest bearing accounts. Cash at these institutions exceeded FDIC limits by \$1,592,594 and \$814,485 at June 30, 2020 and 2019, respectively.

LOUISIANA CENTER FOR CHILDREN'S RIGHTS

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment for the years ended June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Equipment	\$ 59,593	\$ 57,087
Furniture	45,974	45,974
	<u>\$ 105,567</u>	<u>\$ 103,061</u>
Less accumulated depreciation	(101,098)	(94,704)
Total	<u>\$ 4,469</u>	<u>\$ 8,357</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$6,394 and \$11,775, respectively.

NOTE 5. UNCONDITIONAL PROMISES TO GIVE

The Organization had the following unconditional promises to give for the years ended June 30, 2020 and 2019. The long-term portion of the assets were discounted using a 5% rate.

	<u>2020</u>	<u>2019</u>
Baptist Community Ministries	\$ 200,000	\$ 308,500
Public Welfare Foundation	-	200,000
JP Morgan Grant Foundation	35,000	-
United Way	35,000	35,000
Foundation for Louisiana	10,000	-
Methodist Health System Foundation	-	85,620
Gaudet Fund Grant	-	967
Marguerite Casey Foundation	-	150,000
Total unconditional promises to give	<u>\$ 280,000</u>	<u>\$ 780,087</u>
Unamortized discount	(14,059)	(14,059)
Unconditional promises to give, net	<u>\$ 265,941</u>	<u>\$ 766,028</u>
Current portion	\$ 180,000	\$ 680,087
Long-term	85,941	85,941
Total	<u>\$ 265,941</u>	<u>\$ 766,028</u>

Future maturities of unconditional promises to give are as follows:

2021	\$ 180,000
2022	100,000
Discount	(14,059)
	<u>\$ 265,941</u>

LOUISIANA CENTER FOR CHILDREN'S RIGHTS

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 6. REFUNDABLE ADVANCES

On April 15, 2020, the Organization received loan proceeds in the amount of approximately \$506,600 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first ten months. The Organization intends to use the proceeds for purposes consistent with the PPP forgiveness requirements. At June 30, 2020, if the loan was to be paid in accordance with the terms of the note, then monthly payments of \$15,478 including interest would begin on May 15, 2021 and be paid through March 15, 2023. The loan balance would increase \$4,766 for accrued interest. Principle payments of \$151,676, \$184,429 and \$30,918 would be paid for the years ended June 30, 2022, 2023 and 2024, respectively.

The Organization is accounting for the PPP loan, as a grant that is expected to be forgiven, in accordance with ASC 958-605 which contains guidance for a conditional contribution. For the year ended June 30, 2020 \$362,766 of the PPP loan was spent on salary related expenses and has met the conditions for forgiveness. The portion of the loan that has met the conditions of forgiveness is included in other income on the statement of activities.

NOTE 7. LEASE AND DONATED FACILITIES

On June 1, 2015, the Organization entered into a lease agreement with the City of New Orleans whereby the Organization would lease space at no cost for its administrative and program facility. The City of New Orleans owns and manages the facility. The initial term of the no cost lease will be for a three-year period that will end May 31, 2018. The City of New Orleans values the fair value of the lease (which also included services and utilities) at \$67,500 annually on a gross basis. In connection with this lease agreement, the Organization discounted the value of the three-year initial term of the lease (at 5% per year) and recorded a restricted contribution in fiscal 2015 of \$196,031. Beginning June 1, 2018, the Organization continues to have use of the office space with services and utilities at no cost. The term is deemed to be indefinite. The Organization will continue to record an in kind rental contribution and expense at the fair market value of \$67,500.

For the years ended June 30, 2020 and 2019, net assets released from restriction was \$0 and \$55,406, respectively. Rent expenses for the years ended June 30, 2020 and 2019 was \$67,500.

LOUISIANA CENTER FOR CHILDREN'S RIGHTS

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2020 and 2019, the Organization had \$1,526,503 and \$1,766,779 in net assets with donor restrictions as presented in the schedule below:

	<u>2020</u>	<u>2019</u>
Subsequent years' disbursements	\$ 1,526,503	\$ 1,711,373
Lease value of land	-	55,406
Total net assets with donor restrictions	<u>\$ 1,526,503</u>	<u>\$ 1,766,779</u>

NOTE 9. LIQUIDITY

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets at year-end:	
Cash and cash equivalents	\$ 1,842,594
Accounts receivable	175,707
Unconditional promises to give	<u>265,941</u>
	<u>\$ 2,284,242</u>
Less those unavailable for general expenditures within one year, due to:	
Long-term portion of unconditional promises to give	<u>85,941</u>
	<u>\$ 85,941</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 2,198,301</u>

The Organization is substantially supported by grants, governmental contracts and contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Occasionally, the board designates a portion of any operating surplus to its liquidity reserves, which was \$15,000 as of June 30, 2020 and 2019. There is a fund established by the governing board that may 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. In the event of an unanticipated liquidity need, the Organization might use donor restricted funds to meet the financial obligations.

LOUISIANA CENTER FOR CHILDREN'S RIGHTS

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 10. RELATED PARTY TRANSACTION

The Organization paid for a board chair's flights to attend the board meetings. The total for the flights for the years ended June 30, 2020 and 2019 was \$0 and \$714, respectively. The Board of Directors is a voluntary board; therefore, no compensation was paid to any board member during the years ended June 30, 2020 and 2019.

NOTE 11. SUBSEQUENT EVENTS- CORONAVIRUS PANDEMIC

Subsequent events were evaluated by the Organization through September 24, 2020, which is the date the financial statements were available to be issued. In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Company's operations. Future potential impacts may include disruptions or restrictions on our employees' ability to work or the taxpayers' ability to pay the taxes. Changes to the operating environment may increase operating costs. The future effects of these issues are unknown.

GOVERNMENT AUDITING STANDARDS COMPLIANCE REPORT



BERNARD & FRANKS

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH V. FRANKS II, C.P.A.

NICHOLAS W. LAFRANZ III, C.P.A.

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
Louisiana Center for Children's Rights
New Orleans, 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 Louisiana Center for Children's Rights (a nonprofit Organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Louisiana Center for Children's Rights internal control over financial reporting 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 a 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.

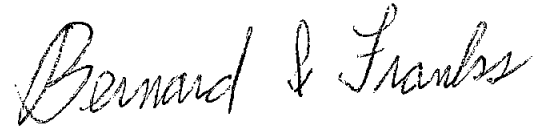
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from 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 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.

A handwritten signature in black ink that reads "Bernard J. Franks". The signature is written in a cursive style with a large initial 'B'.

Metairie, Louisiana
September 24, 2020

SUPPLEMENTARY INFORMATION

LOUISIANA CENTER FOR CHILDREN'S RIGHTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Louisiana Center for Children's Rights, which was prepared in accordance with generally accepted accounting principles.
2. No significant deficiencies or material weaknesses in internal control were disclosed during the audit of the financial statements were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Louisiana Center for Children's Rights were disclosed in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in accordance with Government Auditing Standards.
4. No management letter was issued for June 30, 2020 and 2019.
5. Louisiana Center for Children's Rights did not expend more than \$750,000 in federal awards during the years ended June 30, 2020 and 2019, and therefore, is exempt from the audit requirements under the *Uniform Guidance*.

FINDINGS-FINANCIAL STATEMENTS

There were no findings for the years ended June 30, 2020 and 2019.

FINDINGS-FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This is not applicable to the Organization for the years ended June 30, 2020 and 2019.

LOUISIANA CENTER FOR CHILDREN'S RIGHTS

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2020**

There were no audit findings for the year ended June 30, 2019.

LOUISIANA CENTER FOR CHILDREN'S RIGHTS

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

FOR THE YEAR ENDED JUNE 30, 2020

Agency Head Name: Aaron Clark-Rizzo, Executive Director

Salary	\$	95,667
Benefits-insurance		19,082
Reimbursements		<u>7,377</u>
Total	\$	<u><u>122,126</u></u>

LOUISIANA COMPLIANCE QUESTIONNAIRE
(For Audit Engagements of Quasi-Public Agencies)

August 17, 2020 (Date Transmitted)

Bernard and Franks, A Corporation of CPA's (CPA Firm Name)
4141 Veterans Memorial Blvd., Suite 313 (CPA Firm Address)
Metairie, LA 70002 (City, State Zip)

In connection with your audit of our financial statements as of June 30, 2020 and for 7/1/19-6/30/20 (period of audit) for the purpose of expressing an opinion as to the fair presentation of our financial statements in accordance with accounting principles generally accepted in the United States of America, to assess our internal control structure as a part of your audit, and to review our compliance with applicable laws and regulations, we confirm, to the best of our knowledge and belief, the following representations. These representations are based on the information available to us as of 8/17/20 (date completed/date of the representations).

PART I. Agency Profile

1. Name and address of the organization.

Louisiana Center for Children's Rights
1100- B Milton Street, New Orleans, LA 70122

2. List names, addresses, and telephone numbers of entity officials. Include elected/appointed members of the governing board, chief executive and fiscal officer, and legal counsel. (see attached)

3. Period of time covered by this questionnaire. 7/1/19-6/30/20

4. The entity has been organized under the following provisions of the Louisiana Revised Statute(s) (R.S.) and, if applicable, local resolutions/ordinances.

501 (c)(3)

5. Briefly describe the public services provided.

Louisiana Center for Children's Rights is a nonprofit law office serving as the juvenile public defender in Orleans Parish.
Using direct representation and advocacy, we fight to keep children out of the justice system so that they can thrive in their homes and communities.

6. Expiration date of current elected/appointed officials' terms.

Included in Attachment for #2

Part II. Federal, State, and Local Awards

7. We have detailed for you the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes No

8. All transactions relating to federal grants have been properly recorded within our accounting records and reported to the appropriate federal grantor officials.

Yes No

9. All transactions relating to state grants have been properly recorded within our accounting records and reported to the state grantor officials.

Yes No

10. All transactions relating to local grants have been properly recorded within our accounting records and reported to the appropriate local grantor officials.

Yes No

11. The reports filed with federal agencies are properly supported by books of original entry and supporting documentation.

Yes No

12. The reports filed with state agencies are properly supported by books of original entry and supporting documentation.

Yes No

13. The reports filed with local agencies are properly supported by books of original entry and supporting documentation.

Yes No

14. We have complied with all applicable compliance requirements of all federal programs we administer,

Yes No

15. We have complied with all applicable specific requirements of all state programs we administer, to include matters contained in the grant awards.

Yes No

16. We have complied with all applicable specific requirements of all local programs we administer, to include matters contained in the grant awards.

Yes No

17. We have provided you with all communications from grantors concerning noncompliance with or deficiencies in administering grant programs.

Yes No

Part III. Public Records

18. We are familiar with the Public Records Act and have made available to the public those records as required by R.S. 44:33.

Yes No

Part IV. Open Meetings

19. Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law). Note: Please refer to Attorney General Opinion No. 13-0043 and the guidance in the publication "Open Meeting FAQs," available on the Legislative Auditor's website to determine whether a non-profit agency is subject to the open meetings law.

Yes No

Part V. Budget

20. For each federal grant, we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration.

Yes No

21. For each grant received from the state, we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose, duration, specific goals and objectives, and measures of performance.

Yes No

22. For each local grant, we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration.

Yes No

Part VI. Reporting

23. We have had our financial statements audited in a timely manner in accordance with R.S. 24:513.

Yes No

24. We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

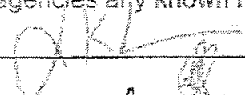
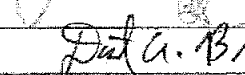
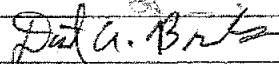
Yes No

25. We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes No

The previous responses have been made to the best of our belief and knowledge. We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur subsequent to the issuance of your report.

	Secretary	August 17, 2020	Date
	Treasurer	August 17, 2020	Date
	President	August 17, 2020	Date



Louisiana Center
for Children's Rights

BOARD OF DIRECTORS

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Non-Profit Consultant
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(504) 521-7897 -- davidaburks@gmail.com
Third Term: 2019-2021

Victor Jones, *Vice Chair*

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First Term: 2018-2020

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Ava Rogers, *Member*

Director of Strategic Partnerships, New Pathways New Orleans
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Second Term: 2018-2020

Judge (ret.) Miriam Waltzer, *Member*

New Orleans, LA

miriam@waltzerlaw.com

Third Term: 2019-2021

Aaron Clark-Rizzio, Executive Director

Louisiana Center for Children's Rights

1100-B Milton Street

New Orleans, LA 70122

Aclarkrizzio@laccr.org

Full time staff