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**REGINA COELI CHILD
DEVELOPMENT CENTER**
FIN: 72-0680604

Audits of Financial Statements

May 31, 2006 and 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: 11-1-2006

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LAPORTE SEHRT
ROMIG HAND
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Directors
Regina Coeli Child Development Center
Robert, Louisiana

We have audited the accompanying statements of financial position of Regina Coeli Child Development Center (a non-profit Corporation) as of May 31, 2006 and 2005, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Regina Coeli Child Development Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Regina Coeli Child Development Center as of May 31, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2006, on our consideration of Regina Coeli Child Development Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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* and should be read in conjunction with this report in considering the results of our audits.

110 VETERANS MEMORIAL BOULEVARD, SUITE 200, METAIRIE, LA 70005-4958 • 504.835.5522 • FAX 504.835.5535
5100 VILLAGE WALK, SUITE 202, COVINGTON, LA 70433-4012 • 985.892.5850 • FAX 985.892.5956

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Our audits were performed for the purpose of forming an opinion on the basic financial statements of Regina Coeli Child Development Center taken as a whole. The accompanying schedule of federal awards by Catalog of Federal Domestic Assistance (CFDA) number and other financial assistance, the financial status reports – Head Start, and the schedule of expenditures of federal awards and schedule of Board Members are presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Centers*, and are not a required part of the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



A Professional Accounting Corporation

September 25, 2006

REGINA COELI CHILD DEVELOPMENT CENTER
Statements of Financial Position
May 31, 2006 and 2005

	2006	2005
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 239,645	\$ 214,064
Certificate of Deposit	889,600	1,191,964
Grants Receivable	794,899	1,157,102
Other Receivables	-	6,892
Inventory	2,741	2,468
Prepaid Expenses	1,000	933
Total Current Assets	1,927,885	2,573,423
Property, Plant and Equipment		
Land	1,101,665	773,663
Buildings	7,061,865	6,995,590
Vehicles	989,057	1,036,872
Equipment	477,178	477,179
Leasehold Improvements	754,621	732,460
	10,384,386	10,015,764
Less: Accumulated Depreciation and Amortization	(3,193,128)	(2,989,576)
Total Property, Plant and Equipment, Net	7,191,258	7,026,188
Other Assets		
Loan Fees, Net	59,580	62,890
Deposits	2,281	5,283
Total Other Assets	61,861	68,173
Total Assets	\$ 9,181,004	\$ 9,667,784
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 218,119	\$ 612,117
Accrued Payroll Expenses	695,655	655,537
Notes Payable	171,104	163,835
Capital Lease Payable	-	7,680
Total Current Liabilities	1,084,878	1,439,169
Long-Term Liabilities		
Notes Payable, Net of Current Portion	4,333,074	4,546,821
Total Liabilities	5,417,952	5,985,990
Net Assets - Unrestricted	3,763,052	3,681,794
Total Liabilities and Net Assets	\$ 9,181,004	\$ 9,667,784

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

REGINA COELI CHILD DEVELOPMENT CENTER
Statements of Activities
Years Ended May 31, 2006 and 2005

	2006	2005
Revenues		
Grants	\$ 13,913,956	\$ 13,460,080
Goods and Services Contributed	1,505,223	1,979,485
Cash Contributions	142,890	131,973
Interest Revenue	23,076	25,235
Other Income	26,554	45,439
Gain on Sale of Assets	3,710	-
	<u>15,615,409</u>	<u>15,642,212</u>
Expenses		
Personnel	8,596,472	8,202,557
Fringe Benefits	1,755,731	1,790,195
Goods and Services Contributed	1,505,223	1,979,485
Occupancy	734,743	611,502
Food Costs	446,501	450,062
Educational Supplies	387,930	294,147
Other Supplies	404,064	336,685
Travel	345,426	331,833
Depreciation	320,834	330,742
Interest Expense	272,879	199,675
Training	205,565	214,152
Other	183,649	144,071
Insurance	176,106	165,556
Consultants	168,701	112,588
Fundraising Costs	27,017	47,992
Amortization	3,310	3,310
	<u>15,534,151</u>	<u>15,214,552</u>
Total Expenses		
Increase in Net Assets	81,258	427,660
Net Assets, Beginning of Year	<u>3,681,794</u>	<u>3,254,134</u>
Net Assets, End of Year	<u>\$ 3,763,052</u>	<u>\$ 3,681,794</u>

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

REGINA COELI CHILD DEVELOPMENT CENTER
Statements of Cash Flows
Years Ended May 31, 2006 and 2005

	2006	2005
Cash Flows from Operating Activities		
Increase in Net Assets	\$ 81,258	\$ 427,660
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Gain on Sale of Assets	3,710	-
Depreciation	320,834	330,742
Amortization	3,310	3,310
Decrease (Increase) in Grants Receivable	362,203	(327,658)
Decrease in Other Receivables	6,892	818
Increase in Inventory	(274)	(649)
Increase in Prepaid Expenses	(67)	(319)
Increase in Deposits	(5,283)	(3,000)
(Decrease) Increase in Accounts Payable	(393,997)	386,717
Increase in Accrued Payroll Expenses	40,118	52,931
Total Adjustments	<u>337,446</u>	<u>442,892</u>
Net Cash Provided by Operating Activities	418,704	870,552
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment, Net	(486,104)	(643,897)
Proceeds from Certificate of Deposit	302,364	(25,019)
Proceeds from the Sale of Fixed Assets	4,775	-
Net Cash Used in Investing Activities	<u>(178,965)</u>	<u>(668,916)</u>
Cash Flows from Financing Activities		
Principal Payments on Notes Payable	(206,478)	(84,322)
Principal Payments on Capital Lease Payable	(7,680)	(11,986)
Net Cash Used in Financing Activities	<u>(214,158)</u>	<u>(96,308)</u>
Net Increase in Cash and Cash Equivalents	25,581	105,328
Cash and Cash Equivalents, Beginning of Year	<u>214,064</u>	<u>108,736</u>
Cash and Cash Equivalents, End of Year	<u>\$ 239,645</u>	<u>\$ 214,064</u>

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

REGINA COELI CHILD DEVELOPMENT CENTER

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

A summary of Regina Coeli Child Development Center's (the Center) significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

History of Center

The Center is a non-profit corporation that operates Head Start programs in Southeast Louisiana. The Center has been in existence since 1969. It operates sixteen centers, including Head Start, Early Head Start and Migrant Head Start programs, in the six parishes of Livingston, St. Helena, St. Tammany, Tangipahoa, Washington, and Ascension. The Center provided service to 1,875 and 1,830 children and families during the years ended May 31, 2006 and 2005, respectively. The goal of the Center is to improve the educational and economical opportunity of those it serves.

Presentation of Financial Statements

The Center has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statement of Not-for-Profit Organizations*. Under SFAS No. 117, the Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Center is required to present a statement of cash flows.

The Center has also adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and/or nature of any donor restrictions. The adoption had no cumulative effect on net assets at the date of the adoption. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor imposed time or purpose restrictions. All revenues from the Center's funding sources are deemed to be unrestricted.

SFAS No. 116 requires that in-kind contributions be recorded at their fair market value and accounted for as revenue when received and as an asset, reduction in a liability or an expense depending on the form of the benefits received. Contributions of services are to be recognized if the services received either (1) enhance a non-financial asset or (2) require specialized skills and would need to be purchased if not provided by donation.

The following is a recap of in-kind contributions recognized in the years ended May 31, 2006 and 2005:

	2006	2005
Rental of Facilities	\$ 68,191	\$ 78,932
Occupancy and Other Operating Expenses	40,517	346,896
Supplies	180,521	242,922
Pupil and Staff Transportation	821,737	899,986
Services	394,257	410,749
	<u>\$ 1,505,223</u>	<u>\$ 1,979,485</u>

REGINA COELI CHILD DEVELOPMENT CENTER

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Presentation of Financial Statements (Continued)

Services valued at \$660,554 and \$944,086 during the years ended May 31, 2006 and 2005, respectively, did not meet the criteria of SFAS No. 116 and were not recognized.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of the Center are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Grant Control/Support

The Head Start and Early Head Start funds from the Department of Health and Human Services are recognized as revenue based on the program's approved grant award. The Child Care Food Program revenue is based on a predetermined reimbursement rate for the number of meals served.

The Center is required to ensure that expenditures under the various grants and reimbursement programs comply with the related grant or program guidelines for allowable costs. The funding agencies for these programs could require the return of expenditures that do not meet their guidelines.

Grant and Reimbursement Contract Revenues

Funds due from various funding sources under grants and reimbursement contracts are recognized as revenues in the accounting period when the expenses are incurred and the grant funds are earned.

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.

Concentrations of Credit Risk

Over 70% of the Center's funds during the years ended May 31, 2006 and 2005, are derived from grants from the U.S. Department of Health and Human Services. Any loss of such funding could cause a severe financial impact on the Center's operations. Also, at May 31, 2006, cash in local banks exceeded Federal Deposit Insurance Corporation coverage by \$140,765.

Comparative Data

Certain amounts previously reported in the prior year have been reclassified to conform to the classification used in the current year. Such reclassifications had no effect on reported income.

REGINA COELI CHILD DEVELOPMENT CENTER

Notes to Financial Statements

Note 2. Grants Receivable

The balance of grants receivable consists of the following:

	<u>2006</u>	<u>2005</u>
Federal Grants:		
Head Start Program	\$ 576,217	\$ 929,519
Migrant Head Start Program	-	9,747
Child Care Food Program	213,682	211,679
Children's Trust Fund	<u>5,000</u>	<u>6,157</u>
	<u>\$ 794,899</u>	<u>\$ 1,157,102</u>

Note 3. Inventory

Inventory consists of food used in the Child Care Food Program. Inventory is accounted for on a lower of cost or market (first in, first out) basis.

Note 4. Income Taxes

The Center is exempt from federal and state corporate income taxes under section 501 (c) (3) of the Internal Revenue Code.

Note 5. Statements of Cash Flows

For purposes of the statements of cash flows, the Center considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash paid for interest during the years ended May 31, 2006 and 2005, totaled \$272,879 and \$199,675, respectively.

Note 6. Fixed Assets

All assets purchased having a cost or estimated fair value equal to or greater than \$5,000 are capitalized and depreciated.

Buildings, vehicles, equipment, and furniture are stated at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Depreciation of all exhaustible fixed assets is charged as an expense. Depreciation has been provided using the straight-line method. The estimated useful lives are as follows:

Buildings	40 Years
Modular Building	15 Years
Vehicles	10 Years
Equipment	5-10 Years
Furniture	10 Years

REGINA COELI CHILD DEVELOPMENT CENTER

Notes to Financial Statements

Note 6. Fixed Assets (Continued)

Leasehold improvements are stated at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. Amortization of the leasehold improvements is charged as an expense. Amortization has been provided using the straight-line method over the remaining lease term.

Note 7. Pension Plan

The Center sponsors a profit sharing plan under Section 404(c) of the Internal Revenue Code. All employees who are over 18 years of age are eligible to participate in the plan. Employees are enrolled as active participants on the first day of the month coinciding with or immediately following the date eligibility requirements are met. Participants may contribute from 1% to 100% of their compensation up to the maximum amount permitted by law. The value of a participant's account attributable to their contributions is always fully vested. Each plan year the Board of Directors will determine the amount of the employer contribution (if any) that will be made for all eligible participants who are actively employed on the last day of the plan year, which is December 31. The plan has a five-year vesting schedule for employer contributions as follows:

<u>Year</u>	<u>Percent</u>
0 to Less than 2	0%
2	25%
3	50%
4	75%
5 or More	100%

A member automatically becomes fully vested when he or she dies, incurs total disability or reaches age 65.

During the years ended May 31, 2006 and 2005, \$189,909 and \$334,449, respectively, was contributed to the plan for the benefit of the plan participants employed by the Center, which is included in fringe benefits on the statement of activities.

REGINA COELI CHILD DEVELOPMENT CENTER

Notes to Financial Statements

Note 8. Notes Payable

A summary of notes payable for purchase of Head Start facilities and transportation equipment is as follows:

	2006	2005
5.52% Variable rate mortgage payable to a bank, secured by real estate, due in monthly installments of \$1,284 through May 2018	\$ 81,432	\$ 91,958
4.875% Mortgage payable to U.S.D.A. Rural Economic and Community Development, secured by real estate, due in monthly installments of \$3,933 through October 2027	624,801	641,104
6.00% Mortgage payable to an individual, secured by real estate, due in monthly installments of \$3,575 through October 2023	462,945	477,594
3.50% Revenue bonds payable to a bank, secured by letter of credit from another bank, due in monthly payments of interest only, and one principal payment annually through July 2024. Fees for this loan include a trustee fee of \$1,500 annually, a remarketing fee of \$875 quarterly, and a quarterly letter of credit fee calculated at 1.25% per annum of the outstanding principal balance	<u>3,335,000</u>	<u>3,500,000</u>
Total	<u>\$4,504,178</u>	<u>\$ 4,710,656</u>

Principal payments required in future years as of May 31, 2006, are as follows:

Year Ending May 31,	
2007	\$ 171,104
2008	178,618
2009	186,292
2010	194,137
2011	201,909
Thereafter	<u>3,572,118</u>
Total	<u>\$4,504,178</u>

REGINA COELI CHILD DEVELOPMENT CENTER

Notes to Financial Statements

Note 9. Operating Leases

The Center has commitments on two lease agreements for space rental as of May 31, 2006, as follows:

Locations in Louisiana	Lease Expiration	Monthly Payments
Bogalusa Head Start	September 2006	\$ 2,000
Central Tangipahoa Head Start, Independence	August 2006	\$ 2,000

Total lease expense included in occupancy expense in the accompanying financial statements is \$68,000 and \$70,800 for the years ended May 31, 2006 and 2005, respectively.

Note 10. Restrictions on Assets

All assets acquired with Department of Health and Human Services funds are owned by Regina Coeli Child Development Center while used in the Head Start program for which they were purchased. The Department of Health and Human Services, however, has a reversionary interest in the assets purchased with grant funds, which includes all assets reported as fixed assets. Therefore, the disposition of these assets as well as the ownership of any sale proceeds there from, is subject to the funding source requirements of the Department of Health and Human Services. Also, a cash account with a balance of \$42,023 and \$37,174 at May 31, 2006 and 2005, respectively, is reserved in connection with the Center's borrowings from the U.S. Department of Agriculture.

Note 11. Contingencies

On January 30, 1998, the Center executed a cooperative endeavor agreement with the Louisiana Board of Trustees for State Colleges and Universities. Pursuant to the agreement, the Center receives the use of land for its center located on the campus of Southeastern Louisiana University at no cost for a term of fifteen years. At termination of agreement or upon default of the Center, the buildings at that location would have to be relocated.

REGINA COELI CHILD DEVELOPMENT CENTER

Notes to Financial Statements

Note 12. Insurance

As of May 31, 2006, the Center has the following insurance coverage:

<u>Insurer</u>	<u>Policy Expiration Date</u>	<u>Amount of Coverage</u>	<u>Type of Coverage</u>
Stonington Insurance	6/06	\$1,000,000 1,000,000 1,000,000	Business Auto Bodily Injury Uninsured Hired/Non Owned
Stonington Insurance	6/06	3,000,000 1,000,000 1,000,000 100,000 5,000	General Liability Aggregate Personal/Advertising Each Occurrence Fire Damage Medical Expense
Stonington Insurance	6/06	9,339,884 1,665,000 349,680	Buildings Contents Improvements
American Reliable Ins. Co. Building	4/07	477,600 499,200 239,300	Hammond HS Flood Robert HS Flood-Building Robert HS Flood-Contents
Travelers Insurance Company	11/06	1,000,000	Directors and Officers Liability
Fidelity and Deposit Co. of Maryland	9/06	300,000	Employee Dishonesty
ITT Hartford Insurance Group	6/06	5,000 10,000 25,000 1,000 35,000	Student Accident Acc. Death Acc. Dismemberment Acc. Medical Acc. Dental Paralysis and Coma
Fidelity and Deposit Co. of Maryland	6/06	200,000	Emp. Retirement Bond

REGINA COELI CHILD DEVELOPMENT CENTER

Notes to Financial Statements

Note 13. Hurricane Katrina

On August 29, 2005, the School was impacted by Hurricane Katrina. The School's enrollment increased due to the number of displaced families from surrounding parishes. The School received \$292,390 in federal disaster assistance to offset the increase in expenses.

SUPPLEMENTAL INFORMATION

REGINA COELI CHILD DEVELOPMENT CENTER
 Schedule of Federal Awards by Catalog of Federal
 Domestic Assistance (CFDA) Number and Other
 Financial Assistance
 For the Year Ended May 31, 2006

	Department of Health and Human Services										Total Federal Programs	Other Financial Assistance	Plant Fund	Total All Funds
	Department of Agriculture		Head Start Programs		Migrant Head		Children's Trust Fund	Total Federal Programs	Other Financial Assistance	Plant Fund				
	10.558	93.590	Head Start Programs	93.600	Start Program	Project #900MD101-005								
Child Care	Food Program	PA-22 and PA-25	Grant#08CH600786 PA-20 and PA-26	CAN-S	Total	06-01-05 to 01-31-06	02-01-06 to 05-31-06	Total	Children's Trust Fund	Total Federal Programs	Other Financial Assistance	Plant Fund	Total All Funds	
Revenues														
Grants	\$ 981,558	\$ 11,487,408	\$ 2,197,54	\$ 2,197,54	\$ 292,390	\$ 12,009,552	\$ 615,177	\$ 280,793	\$ 895,970	\$ 5,000	\$ 21,876	\$ -	\$ -	\$ 13,913,956
Cash Contributions	-	-	-	-	-	-	-	-	-	-	142,890	-	-	142,890
Other Income	886	-	-	-	-	-	-	-	-	-	25,668	3,710	-	30,264
Interest Income	-	250	-	-	-	250	-	-	-	-	190	22,696	-	23,078
In-Kind Contributions	-	2,082,512	-	-	-	2,082,512	46,198	37,067	83,265	-	-	-	-	2,165,777
Total Revenues	982,444	13,580,170	2,197,54	2,197,54	292,390	14,092,314	661,375	317,860	979,235	5,000	190,624	26,346	-	16,275,963
Expenses														
Personnel	319,374	7,476,124	31,296	31,296	71,542	7,578,962	443,209	215,679	659,088	4,533	34,515	-	-	8,596,472
Fringe Benefits	106,428	1,511,156	7,151	7,151	16,348	1,534,657	72,536	35,789	1,063,25	467	6,154	-	-	1,755,731
Depreciation and Amortization	445,709	-	-	-	-	0	589	-	589	-	203	-	324,144	446,501
Food Costs	-	-	-	-	-	-	-	-	-	-	35,150	-	-	183,649
Other	69,006	138,219	-	-	1,300	139,519	6,555	2,325	8,980	-	728,286	-	-	734,743
Occupancy	71	531,749	-	-	99,724	631,473	19,136	8,671	27,807	-	6,457	-	-	205,565
Training	-	13,135	181,307	-	-	194,442	3,776	4,855	8,631	-	2,421	-	-	272,878
Interest Expense	-	236,398	-	-	103,475	339,874	8,320	4,169	12,489	-	35,557	-	-	387,930
Educational Supplies	-	168,546	-	-	-	168,546	7,560	-	7,560	-	176,106	-	-	176,106
Insurance	3,999	305,319	-	-	-	305,319	26,350	5,342	31,692	-	4,416	-	-	345,428
Travel	38,157	346,562	-	-	-	346,562	6,033	3,713	9,746	-	9,599	-	-	404,064
Other Supplies	-	163,873	-	-	-	163,873	4,578	50	4,728	-	27,017	-	-	168,701
Consultants	-	2,082,512	-	-	-	2,082,512	46,198	37,067	83,265	-	-	-	-	2,165,777
Fundraising	-	-	-	-	-	-	-	-	-	-	-	-	-	-
In-Kind Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	982,444	12,973,685	2,197,54	2,197,54	292,390	13,486,839	645,040	317,860	962,900	5,000	161,498	597,023	-	16,194,705
Excess (Deficiency) of Revenues Over Expenditures	-	606,475	-	-	-	606,475	16,335	-	16,335	-	28,125	(570,677)	-	81,258
Transfers to Plant Fund - Net	-	(606,475)	-	-	-	(606,475)	(16,335)	-	(16,335)	-	(18,616)	64,1426	-	-
Fund Balances, Beginning of Year	-	-	-	-	-	-	-	-	-	-	118,782	3,563,012	-	3,681,794
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 129,291	\$ 3,633,761	\$ -	\$ 3,763,052

See independent auditor's report.

FINANCIAL STATUS REPORT
(Long Form)

REVISED

(Follow instructions on the back)

1. Federal Agency and Organizational Element to Which Report is Submitted HHS/ACF		2. Federal Grant or Other Identifying Number Assigned By Federal Agency 06CH6007/36		OMB Approval No. 0348-0039	Page of 1 of 1 pages
3. Recipient Organization (Name and complete address, including ZIP code) Regina Coeli Child Development Center 22476 Highway 190 Robert, LA 70455					
4. Employer Identification Number 72 0680604		5. Recipient Account Number or Identifying Number		6. Final Report <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
7. Basis <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual					
8. Funding/Grant Period (See instructions) From: (Month, Day, Year) June 1, 2005		To: (Month, Day, Year) May 31, 2006		9. Period Covered by this Report From: (Month, Day, Year) December 1, 2005	
		To: (Month, Day, Year) May 31, 2006			
10. Transactions:					
		i	j	k	
		Previously Reported	This Period	Cumulative	
a. Total outlays		5,990,908	8,124,931	14,115,839	
b. Refunds, rebates, etc.		0	0	0	
c. Program income used in accordance with the deduction alternative		8,710	15,065	23,775	
d. Net outlays (Line a, less the sum of lines b and c)		5,982,198	8,109,866	14,092,064	
Recipient's share of net outlays, consisting of:					
e. Third party (in-kind) contributions		656,500	1,426,012	2,082,512	
f. Other Federal awards authorized to be used to match this award		0	0	0	
g. Program income used in accordance with the matching or cost sharing alternative		0	0	0	
h. All other recipient outlays not shown on lines e, f or g		0	0	0	
i. Total recipient share of net outlays (Sum of lines e, f, g and h)		656,500	1,426,012	2,082,512	
j. Federal share of net outlays (line d less line i)		5,325,698	6,683,854	12,009,552	
k. Total unliquidated obligations				0	
l. Recipient's share of unliquidated obligations				0	
m. Federal share of unliquidated obligations				0	
n. Total Federal share (sum of lines j and m)				12,009,552	
o. Total Federal funds authorized for this funding period				12,262,333	
p. Unobligated balance of Federal funds (Line o minus line n)				252,781	
Program income, consisting of:					
q. Disbursed program income shown on lines c and/or g above				23,775	
r. Disbursed program income using the addition alternative				0	
s. Undisbursed program income				0	
t. Total program income realized (Sum of lines q, r and s)				23,775	
11. Indirect Expense					
a. Type of Rate (Place "X" in appropriate box)					
<input type="checkbox"/> Provisional <input type="checkbox"/> Predetermined <input type="checkbox"/> Final <input type="checkbox"/> Fixed					
b. Rate		c. Base		d. Total Amount	
				e. Federal Share	
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation. \$252,781 in Disaster Funds, CAN No. 2006G06D605 requested to carryover to period June 1, 2006-May 31, 2007					
USDA/CACFP = \$981,559 TETA=\$219,754 Administrative Exp. = \$2,273,152					
13. Certification: I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents.					
Typed or Printed Name and Title Daryl Pettit, Interim Executive Director				Telephone (Area code, number and extension) 985-318-8800, ext 206	
Signature of Authorized Certifying Official <i>Daryl Pettit</i>				Date Report Submitted 9/27/06	

REGINA COELI CHILD DEVELOPMENT CENTER
 Schedule of Expenditures of Federal Awards
 For the Year Ended May 31, 2006

Federal Grantor	CFDA Number	Grant Period	Grant Contract or Award Number	Total Grant Award	(Accrued) Deferred Revenues 5-31-05	Cash and Commodities Received	Revenues Recognized	Expenditures	(Accrued) Deferred Revenues 5-31-06
U.S. Department of Agriculture:									
Child Care Food Program - Major Program (Passed through the Louisiana Department of Education)	10-558	6/1/05 to 5/31/06	N/A	\$ 981,559	\$ (211,679)	979,556	\$ 981,558	\$ 981,558	\$ (213,681)
U.S. Department of Health and Human Services:									
Head Start - Major Program	93-600	6/1/05 to 5/31/06	06C-H6007/35	12,009,552	(929,519)	12,362,854	12,009,552	12,009,552	(576,217)
Migrant Head Start - Major Program (Passed through the Community Action Program for Central Arkansas)	93-600 93-600	2/1/05 to 1/31/06 2/1/05 to 1/31/06	90CM0101 90CM0101	929,548 929,548	(9,747) -	624,924 280,793	615,177 280,793	615,177 280,793	- -
Children's Trust Fund (Passed through the Louisiana Department of Social Services)	93-590	7/1/05 to 6/30/06	600301	5,000	(6,157)	6,157	5,000	5,000	(5,000)
Total U.S. Department of Health and Human Services					(945,423)	13,274,728	12,910,522	12,910,522	(581,217)
Total Federal Grants					<u>\$ (1,157,102)</u>	<u>\$ 14,254,284</u>	<u>\$ 13,892,080</u>	<u>\$ 13,892,080</u>	<u>\$ (794,898)</u>

See accompanying notes to schedule of expenditures of federal awards.

REGINA COELI CHILD DEVELOPMENT CENTER
Schedule of Expenditures of Federal Awards
May 31, 2006

Notes to Schedule of Expenditures of Federal Awards

Note 1. Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is a summary of the Center's federal award programs presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Note 2. Community Facilities Loans

As of May 31, 2006, Regina Coeli Child Development Center had a loan outstanding to the U.S. Department of Agriculture as follows:

Livingston Center	<u>\$ 624,801</u>
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The above loan is not included in the Schedule of Expenditures of Federal Awards because there are no related compliance requirements other than timely payment.

REGINA COELI CHILD DEVELOPMENT CENTER
Schedule of Board Members
May 31, 2006

NAME	ADDRESS	PHONE
Shannon Anderson	P.O. Box 919 Amite, LA 70422	(985) 748-4144
Marian Arrowsmith	1000 Montgomery Street Mandeville, LA 70448	(985) 892-2276
William Barker	79233 Barker Rd. Covington, LA 70435	(985) 875-9248
Eric R. Bissel	227 N. Columbia Street Covington, LA 70433	(985) 893-9489
Jean Dawsey	81030 Dawsey Road Covington, LA 70435	(985) 892-2611
Victor Doucette	32140 Bayou Paquet Road Slidell, LA 70458	(985) 643-8971
Cynthia Elliott	2230 Oleander Baton Rouge, LA 70806	(985) 549-5269
Shirley D. Freeman	P.O. Box 974 Greensburg, LA 70441	(225) 222-4033
Alex Kropog	30165 George White Road Holden, LA 70744	(225) 686-2436
Kathi Legg	210 W. Robert Apt. #12 Hammond, LA 70401	(985) 543-4165
Hildra Martin	2624 S. Columbia Road Bogalusa, LA 70427	(985) 732-9933
Ralph G. Miller	50132 Huckleberry Lane Folsom, LA 70457	(985) 796-3308
Shannon Fitch	44304 Deer Ridge Rd. Ponchatoula, LA 70454	(985) 345-4970
Joanne Pettit	406 Browning Loop Mandeville, LA 70448	(985) 951-8147
Carol Torrey	350 Hyacinth Lane Mandeville, LA 70471	(985) 626-1168
Daryl Pettit	406 Browning Loop Mandeville, LA 70448	(985) 951-8147
Donna Cross	354 Knighten Lane Greensburg, LA 70441	(225) 222-4033



LAPORTE SEHRT
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CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Regina Coeli Child Development Center
Robert, Louisiana

We have audited the financial statements of Regina Coeli Child Development Center (a non-profit entity) as of and for the years ended May 31, 2006 and 2005, and have issued our report thereon dated September 25, 2006. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered Regina Coeli Child Development Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Regina Coeli Child Development Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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*.

110 VETERANS MEMORIAL BOULEVARD, SUITE 200, METAIRIE, LA 70005-4958 • 504.835.5522 • FAX 504.835.5535
5100 VILLAGE WALK, SUITE 202, COVINGTON, LA 70433-4012 • 985.892.5850 • FAX 985.892.5956

WWW.LAPORTE.COM

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This report is intended solely for the information of the finance committee, management, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Salute, Felt, Long & Neal

A Professional Accounting Corporation

September 25, 2006



LAPORTE SEHRT
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CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Regina Coeli Child Development Center
Robert, Louisiana

Compliance

We have audited the compliance of Regina Coeli Child Development Center (a non-profit entity) with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the years ended May 31, 2006 and 2005. Regina Coeli Child Development Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Regina Coeli Child Development Center's management. Our responsibility is to express an opinion on Regina Coeli Child Development Center's compliance based on our audits.

We conducted our audits of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Centers*. Those standards and OMB Circular A-133 require that we plan and perform the audits to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Regina Coeli Child Development Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinion. Our audits do not provide a legal determination of Regina Coeli Child Development Center's compliance with those requirements.

In our opinion, Regina Coeli Child Development Center complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended May 31, 2006 and 2005.

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5100 VILLAGE WALK, SUITE 202, COVINGTON, LA 70433-4012 • 985.892.5850 • FAX 985.892.5956

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Internal Control Over Compliance

The management of Regina Coeli Child Development Center is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audits, we considered Regina Coeli Child Development Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.



A Professional Accounting Corporation

September 25, 2006

REGINA COELI CHILD DEVELOPMENT CENTER
Schedule of Findings and Questioned Costs
May 31, 2006

Section 1

Financial Statements

- | | | |
|----|--|-------------|
| 1. | Type of auditor's report | Unqualified |
| 2. | Internal control over financial reporting | |
| | a. Material weaknesses identified | None |
| | b. Reportable conditions identified not considered to be material weaknesses | None |
| | c. Noncompliance material to the financial statements noted | None |

Federal Awards

- | | | |
|----|---|-------------------------|
| 1. | Internal control over major programs | |
| | a. Material weaknesses identified | None |
| | b. Reportable conditions identified not considered to be material weaknesses | None |
| 2. | Type of auditor's report issued on compliance for major program | Unqualified |
| 3. | Audit findings disclosed that are required in accordance with OMB A-133, Section 510a | None |
| 4. | Identification of major program | |
| | 93.600 | Head Start |
| | 93.600 | Migrant Head Start |
| | 10.558 | Child Care Food Program |
| 5. | Dollar threshold used to distinguish between Type A and B programs | \$300,000 |
| 6. | Auditee qualified as a low - risk auditee under OMB A-133 Section 530 | Yes |

Section 2

Financial Statement Findings

None Reported

Section 3

Federal Awards Findings and Questioned Costs

None