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**EARLY CHILDHOOD AND  
FAMILY LEARNING  
FOUNDATION**

Audit of Financial Statements

June 30, 2008

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 12/17/08

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## Independent Auditor's Report

To the Board of Directors  
Early Childhood and Family Learning Foundation

We have audited the statements of financial position of the Early Childhood and Family Learning Foundation (the Foundation ) as of June 30, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation 's management. 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 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 audit 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 the 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 the Early Childhood and Family Learning Foundation as of June 30, 2008, and the changes in its net assets and its cash flows for the year 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 November 3, 2008, on our consideration of the Early Childhood and Family Foundation'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.

A Professional Accounting Corporation

October 31, 2008

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Early Childhood and Family Learning Program Foundation  
Statement of Financial Position  
For Year Ended June 30, 2008

	2008
<b>Assets</b>	
Cash - Unrestricted	\$ 120,202
Accounts Receivable - Grants and Contracts	120,673
Furniture and Office Equipment, Net	14,131
Other Assets	<u>4,460</u>
<b>Total Assets</b>	<b><u>\$ 259,466</u></b>
<b>Liabilities</b>	
Accounts Payable	30,564
Notes Payable	<u>35,495</u>
<b>Total Liabilities</b>	<b><u>66,059</u></b>
<b>Net Assets</b>	
Temporarily Restricted	21,586
Unrestricted	<u>171,821</u>
<b>Total Net Assets</b>	<b><u>193,407</u></b>
 <b>Total Liabilities and Net Assets</b>	 <b><u>\$ 259,466</u></b>

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

Early Childhood and Family Learning Program Foundation  
Statement of Activities  
For Year Ended June 30, 2008

<b>Unrestricted Net Assets</b>	
<b>Unrestricted Support and Revenue</b>	
Grants and Contracts	\$ 505,829
Contributions	6,650
Net Assets Released from Restriction	124,164
Interest Income	466
<b>Total Unrestricted Support and Revenue</b>	<b>637,109</b>
<b>Unrestricted Expenses</b>	
Program Services	458,664
Supporting Services	38,064
Fund Raising	850
<b>Total Unrestricted Expenses</b>	<b>497,578</b>
<b>Increase in Unrestricted Net Assets</b>	<b>139,531</b>
<b>Temporarily Restricted Net Assets</b>	
<b>Temporarily Restricted Revenue and Support</b>	
Contributions	21,584
Net Assets Released from Restriction	(124,164)
<b>Decrease in Temporarily Restricted Net Assets</b>	<b>(102,580)</b>
<b>Change in Net Assets</b>	<b>36,951</b>
<b>Net Assets, Beginning of Year</b>	<b>156,456</b>
<b>Net Assets, End of Year</b>	<b>\$ 193,407</b>

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

Early Childhood and Family Learning Program Foundation  
Cash Flows  
For Year Ended June 30, 2008

<b>Cash Flows from Operating Activities</b>	
Change in Net Assets	\$ 36,951
Depreciation	1,946
Decrease in Accounts Receivable - Grants and Contracts	25,077
Increase in Accounts Payable	13,577
Increase in Prepaid expenses	<u>(4,460)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>73,091</u>
<b>Cash Flows from Investing Activities</b>	
Purchase of Furniture and Office Equipment	<u>(16,077)</u>
<b>Net Cash Used in Investing Activities</b>	<u>(16,077)</u>
<b>Cash Flows from Financing Activities</b>	
Increase in Notes Payable	<u>35,495</u>
<b>Net Cash Provided by Financing Activities</b>	<u>35,495</u>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>92,509</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>27,693</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 120,202</u></u>

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

## EARLY CHILDHOOD AND FAMILY LEARNING FOUNDATION

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies

##### **Nature of Activities**

Early Childhood and Family Learning Foundation (the Foundation ) is a Louisiana nonprofit organization chartered on July 1, 1997. Its purpose is the first step in implementing the Early Childhood and Family Learning Foundation "100% IN...100% OUT Plan" for Orleans Parish. This plan is designed to provide the opportunity for birth to five year old children and their families by providing them to access high quality child care and education, the opportunity for 100% of the children and youth in the schools of Orleans Parish to access quality coordinated school health (including high quality physical and mental health services), the opportunity for the families enrolled in the program to access services such as medical, mental health, public assistance (Medicaid, Food Stamps, etc) as well as other community services through integrated service delivery and case management, and finally, the Mahalia Jackson Center, through ECFLF and the MOU Partners, will become a resource center for access to integrated community services (physical and mental health, social, family, economic, legal, education, case management etc.) for Central City residents.

##### **Basis of Accounting**

The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, involving the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

##### **Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. In accordance with SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Foundation has no temporarily or permanently restricted net assets.

##### **Use of 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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### **Furniture and Office Equipment**

Furniture and office equipment are carried at cost or, if donated, at the approximate fair value at the date of the donation. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the assets.

##### **Contributed Services**

No amounts have been reflected in the financial statements for contributed services since the recognition criteria under accounting principles generally accepted in the United States of America have not been met.

##### **Revenue and Expenses**

Support for the Foundation is provided primarily by grants funded by private foundations and by State and Federal agencies. Grant revenue is recognized as expenditures, for allowable grant purposes, are incurred. Grant funding received in advance of expenditures for allowable grant purposes is recognized as deferred revenue.

Expenses are to be made in accordance with grant budgets that have been adopted.

## EARLY CHILDHOOD AND FAMILY LEARNING FOUNDATION

### Notes to Financial Statements

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#### Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Foundation considers the all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

#### Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

#### Economic Dependency

Support for the Foundation is provided primarily by grants from private foundations and through agencies of the State of Louisiana and the Federal government. The continued operations of the Foundation are dependent upon the renewal of current grants and/or the procurement of additional funding sources.

#### Federal Income Taxes

The Foundation is exempt from Federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

#### Note 2. Concentration of Risk

At June 30, 2008, the Foundation did not have funds deposited in a financial institution in excess of the \$100,000 FDIC guaranteed limits.

#### Note 3. Furniture and Office Equipment

Furniture and office equipment consist of the following at June 30, 2008

Computer Equipment	\$ 14,863
Computer Software	<u>1,214</u>
	16,077
Less: Accumulated Depreciation	<u>1,946</u>
<b>Total</b>	<b><u>\$ 14,131</u></b>

Depreciation expense the year ended June 30, 2008 totaled \$1,946.

**EARLY CHILDHOOD AND FAMILY LEARNING FOUNDATION**

**Notes to Financial Statements**

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**Note 4. Commitments and Contingencies**

**Information Technology (IT) Technical Assurance Services**

The Foundation has signed a memorandum of understanding with Louisiana Public Health Institute (LPHI) to provide IT Technical assurance services to the Foundation. The memorandum is for the period April 1, 2008 through June 30, 2008 and is renewable on a quarterly basis. The fee for the service is \$5,000 per month.

**Rent Expense**

The Foundation rents its current office space from Louisiana Public Health Institute (LPHI). Monthly rental expense is based upon three to five spaces used by the foundation. Rent expense incurred during the year ended June 30, totaled \$ 5,010.

**Note 7. Note Payable**

On March 28, 2008, the Foundation entered into a line of credit in the amount of \$50,000, with its existing financial institution, for working capital. The line of credit will mature on September 28, 2008. The interest rate is 6.259%. The balance of this note payable as of June 30, 2008 was \$35,495. Interest expense for the year ended June 30, 2008 was \$194.

**Note 5. Temporarily Restricted Net Assets**

Temporarily restricted net assets as of June 30<sup>th</sup> have the following donor restrictions on them:

	<u>2008</u>
Restricted for the Purpose of:	
The Mahalia Jackson Center Project	\$ <u>21,586</u>
Total	\$ <u>21,586</u>

**Note 6. Release of Restricted Assets**

Net assets were released from restrictions by meeting the time restrictions or by incurring expenses satisfying the restricted purposes.

	<u>2008</u>
Restrictions Accomplished:	
The Mahalia Jackson Center Project	\$ <u>124,164</u>
Total	\$ <u>124,164</u>

EARLY CHILDHOOD AND FAMILY LEARNING FOUNDATION

**Notes to Financial Statements**

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**Note 7. Pension Plan**

The Foundation sponsors a defined contribution retirement plan established under Section 403(b) of the Internal Revenue code. The amount contributed by the Foundation for the year ended June 30, 2008, was \$ 19,415.

**Note 8. Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. See Supplemental Schedule 1 for a detailed listing of the functional allocation of expenses.



**Independent Auditor's Report on Supplementary Information**

To the Board of Directors  
Early Childhood and Family Learning Foundation

Our report on our audits of the basic financial statements of Early Childhood and Family Learning Foundation for June 30, 2008, appears on page 1. These audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The following supplementary information contained in Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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

October 31, 2008

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Early Childhood and Family Learning Foundation  
Schedule I - Program and Supporting Services  
For Year Ended June 30, 2008

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Expenses	Program Services	Supporting Services
Compensation, Salaries and Fringe Benefits	\$ 326,554	\$ -
Occupancy	3,301	2,390
Travel	2,710	1,962
Office supplies	2,484	1,799
Printing, duplicating material	1,318	955
Bank service chgs	90	65
Contract services	28,113	-
Insurance expense	4,429	3,207
Telephone	1,906	1,380
Postage and delivery	103	74
Bldg. and grounds maint. Supplies	3,460	2,506
Depreciation expense	1,129	817
Automobile expenses	6,354	4,602
Licenses & permits	17	13
Meetings & supplies	2,094	1,516
Specific assist to individuals	870	630
Interest expense	1,162	842
Public relations	18,065	-
Payroll service fees	3,908	-
Legal fees	12,292	-
Accounting fees	4,358	-
Consulting fees	21,138	15,307
Grant Writing fees	3,060	-
Miscellaneous expense	9,748	-
Totals	<u>\$ 458,664</u>	<u>\$ 38,064</u>



**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  
Early Childhood and Family Foundation

We have audited the financial statements of Early Childhood and Family Learning Foundation as of and for the year ended June 30, 2008, and have issued our report thereon dated November 6, 2008. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements 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 Early Childhood and Family Foundation's internal control over financial reporting in order to determine our auditing procedures 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 Early Childhood and Family Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

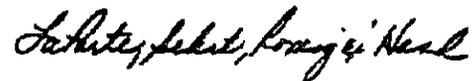
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### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Early Childhood and Family Foundation'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 that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Directors, management, federal awarding agencies and pass-through entities, and the Legislative Auditor of the State of Louisiana, and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



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October 31, 2008