

**FAMILIES & FRIENDS OF
LOUISIANA'S INCARCERATED CHILDREN**

Financial Reports

December 31, 2012

**FAMILIES & FRIENDS OF
LOUISIANA'S INCARCERATED CHILDREN**

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Limited Liability Company

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Member
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Families & Friends of Louisiana's Incarcerated Children
New Orleans, Louisiana

I have audited the accompanying financial statements of Families & Friends of Louisiana's Incarcerated Children (a non-profit organization) (the Organization) which comprise the statements of financial position as of December 31, 2012 and the related statements of activities, functional expenses, and cash flows for the year 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

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

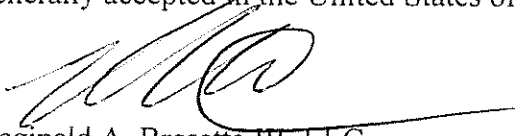
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the organization as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Reginald A. Bresette III, LLC
Certified Public Accountant

June 12, 2013

FAMILIES AND FRIENDS OF LOUISIANA'S INCARCERATED CHILDREN
(a non-profit organization)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012

Assets:

Cash and cash equivalents	\$ 9,537
Unconditional promises to give (Note 2)	29,250
Leasehold improvements and equipment, at cost less accumulated depreciation (Note 3)	3,155
Total assets	\$ 41,942

Liabilities and net assets:

Accounts payable	\$ 487
Reimbursements payable (Note 4)	20,091
Payroll liabilities	1,633
Total liabilities	22,211
Unrestricted net assets (deficit)	(157,560)
Temporarily restricted net assets (Note 5)	177,291
Total net assets	19,731
Total liabilities and net assets	\$ 41,942

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

FAMILIES AND FRIENDS OF LOUISIANA'S INCARCERATED CHILDREN
(a non-profit organization)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Unrestricted	Temporarily Restricted	Total
Support, revenues and reclassifications			
Public support:			
Grants		\$ 166,250	\$ 166,250
Contributions	\$ 28,489		28,489
Total public support	28,489	166,250	194,739
Revenues:			
Membership dues	130		130
Total revenue	130		130
Reclassifications:			
Net assets released from restrictions due to satisfaction of time and purpose restrictions (Note 5)	475,417	(475,417)	
Total reclassifications	475,417	(475,417)	
Total support, revenues and reclassifications	504,036	(309,167)	194,869
Expenses			
Program services	420,290		420,290
Supporting services:			
Management and general	86,958		86,958
Fundraising	87,879		87,879
Total supporting services	174,837		174,837
Total expenses	595,127		595,127
Changes in net assets	(91,091)	(309,167)	(400,258)
Net assets (deficit) at the beginning of the year	(66,469)	486,458	419,989
Net assets (deficit) at the end of the year	\$ (157,560)	\$ 177,291	\$ 19,731

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

FAMILIES AND FRIENDS OF LOUISIANA'S INCARCERATED CHILDREN

(a non-profit organization)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2012

Increase (decrease) in Cash and Cash Equivalents

Cash flows from operating activities:

Cash received from the public support	\$ 419,435
Cash received from other sources	130
Cash payments for operating expenses	(312,725)
Cash payments for employee salaries and benefits	(310,055)
Net cash provided (used) by operating activities	<u>(203,215)</u>

Cash flows from investing activities:

Acquisition of fixed assets	(654)
Net cash provided (used) by investing activities	<u>(654)</u>

Net increase (decrease) in cash and cash equivalents (203,869)

Cash and cash equivalents at beginning of year 213,406

Cash and cash equivalents at end of year \$ 9,537

Reconciliation of change in net assets to net cash provided (used) by operating activities:

Change in net assets \$ (400,258)

Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:

Depreciation	1,786
(Increase) decrease in unconditional promises to give	335,750
Increase (decrease) in accounts payable	(26,627)
Increase (decrease) in reimbursements payable	(110,953)
Increase (decrease) in payroll taxes payable	(2,913)
Total adjustments	<u>197,043</u>

Net cash provided (used) by operating activities \$ (203,215)

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

FAMILIES AND FRIENDS OF LOUISIANA'S INCARCERATED CHILDREN
(a non-profit organization)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	PROGRAM SERVICES	SUPPORTING SERVICES			TOTAL EXPENSE
		MANAGEMENT & GENERAL	FUNDRAISING	TOTAL	
Salary	\$ 202,523	\$ 19,061	\$ 16,678	\$ 35,739	\$ 238,262
Taxes and Benefits	58,548	5,510	4,822	10,332	68,880
Business Insurance	12,458	2,336	779	3,115	15,573
Computers & Maintenance	5,738	1,076	359	1,435	7,173
Consultants	22,021	1,500	59,634	61,134	83,155
Copier and Maintenance	556	104	35	139	695
Depreciation		1,786		1,786	1,786
FFLIC Stipends	34,329				34,329
Management fee		49,668		49,668	49,668
Meetings	3,454				3,454
Membership	200				200
Office Expense	2,756	517	172	689	3,445
Postage and Shipping	1,621				1,621
Printing and Reproduction	1,241	233	78	311	1,552
Professional Fees	776				776
Project Supplies	11,549		117	117	11,666
Rent	14,034	2,631	877	3,508	17,542
Supplies	2,776	521	174	695	3,471
Telephone	10,751	2,015	672	2,687	13,438
Training	1,930				1,930
Travel	29,820		3,313	3,313	33,133
Utilities	3,209		169	169	3,378
Total	\$ 420,290	\$ 86,958	\$ 87,879	\$ 174,837	\$ 595,127

The accompanying notes are an integral part of these statements.

Families & Friends of Louisiana's Incarcerated Children

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

Families & Friends of Louisiana's Incarcerated Children (the Organization) is a non-profit organization and statewide membership based organization that fights for a better life for all of Louisiana's youth, especially those involved in or targeted by the juvenile justice system. As mothers and fathers, grandparents, siblings, cousins, aunts, uncles and allies we believe in and implement a model of organizing that is people and community centered. We engage in education, community building, and leadership development through strategically chosen projects and campaigns in order to empower individuals, families and communities to transform currently oppressive systems and institutions into ones that uphold justice for our families.

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards FASB ASC 958 (formerly SFAS No. 117), *Not-For-Profit Entities*. Under Topic 958, net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets that are subject to donor-imposed stipulations that may or will be met by actions of the organization. These restrictions are considered to expire when payments for restricted purposes are met.

Permanently Restricted Net Assets - Net assets that are subject to donor-imposed stipulations that the principal not be expended, but rather invested to provide a permanent source of income for the organization.

Uncertain Tax Positions

The Organization recognizes the financial impact of a tax position when it is more likely than not that the position will be sustained upon examination. As of December 31, 2012, the organization did not have any uncertain tax positions. Tax years ended December 31, 2009 and later remain subject to examination by taxing authorities.

Subsequent events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through June 12, 2013, which is the date the financial statements were available to be issued.

Families & Friends of Louisiana's Incarcerated Children

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash and cash equivalents

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

The organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The organization has not experienced any losses in such accounts. The organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Fixed assets

All expenditures for leasehold improvements and equipment are capitalized.

Depreciation on leasehold improvements is provided by using the straight-line method over the estimated life of 10 years. Depreciation on equipment is provided by using the straight-line and the declining-balance method over the estimated useful lives of 5 to 7 years.

Income taxes

The organization is a non-profit corporation organized under the laws of the State of Louisiana. It is exempt from Federal income tax under Section 501(c) (3) of the Internal Revenue Code of 1986, and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is exempt from Louisiana income tax under the authority of R.S. 47:121(5).

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Families & Friends of Louisiana's Incarcerated Children

Notes to Financial Statements

NOTE 2 - UNCONDITIONAL PROMISE TO GIVE

During the year the organization entered into contracts representing unconditional promises to give as follows:

Various grant agreements were established during the year in which \$100,000 has been awarded. At December 31, 2012 funds of \$75,000 have been received.

In summary, unconditional promises to give at December 31, 2012 and expected to be collected in the future total \$29,250.

NOTE 3 - LEASEHOLD IMPROVEMENTS AND EQUIPMENT

At December 31, 2012 leasehold improvements and equipment consists of the following:

Equipment	<u>\$ 8,377</u>
Total costs	8,377
Less: Accumulated depreciation	<u>(5,222)</u>
Net book value	<u>\$3,155</u>

NOTE 4 - REIMBURSEMENTS PAYABLE

The organization has received fees at December 31, 2012, in excess of expenses for services rendered at that date. A payable has been recorded on these cases for the excess fees as follows:

Affiliated organization fees in excess of expenses	<u>\$ 20,091</u>
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NOTE 5 - TEMPORARY RESTRICTIONS ON ASSETS

Temporarily restricted net assets are restricted by donors for specific purposes or designated for subsequent periods. At December 31, 2012, temporarily restricted net assets are available for the following purposes:

The Marguerite Casey Foundation – Grant agreement for the period of June 2011 through June 2014 for general program operations. Funds under this grant were recorded as income and totaled \$225,000 in 2011. Since inception \$118,750 has been expended for grant purposes.	\$ 106,250
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Public Interest Project - Grant agreement for the period of February 2011 through January 2013 for general program operations; Funds under this grant were recorded as income and totaled \$135,000 in 2011; Since inception \$129,375 has been expended for grant purposes	5,625
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Open Society Institute - Grant agreement for the period of May 2011 through April 2013 for general program operations; Funds under this grant were recorded as income and totaled \$200,000 in 2011; Since inception \$166,667 has been expended for grant purposes	33,333
Catholic Campaign for Human Development - Grant agreement for the period of July 2012 through June 2013 for general program operations; Funds under this grant were recorded as income and totaled \$50,000 in 2012; Since inception \$25,000 has been expended for grant purposes	25,000
Baptist Community Ministries - Grant agreement for the period of February 2010 through January 2013 for the general program operations; Funds under this grant were recorded as income and totaled \$255,000 in 2010; Since inception \$247,917 has been expended for grant purposes	<u>7,083</u>
Total temporarily restricted funds	<u>\$ 177,291</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

Baptist Community Ministries	85,000
Catholic Campaign for Human Development	25,000
Community Foundation of Acadiana	2,500
Greater New Orleans Foundation	20,000
Horizon's Foundation	250
Marguerite Casey	75,000
Ms. Foundation	4,167
Open Society Institute	100,000
Schott Foundation	5,000
Public Interest Projects	67,500
Tides Foundation	<u>91,000</u>
Total net assets released	<u><u>\$475,417</u></u>

NOTE 6 – LEASE COMMITMENTS

The Organization leased office space for their office in Lake Charles, Louisiana under non-cancelable agreement accounted for as an operating lease during the year ended December 31, 2012. The lease expired October 2012. The lease was not renewed.

Rent expense incurred under this lease was \$7,600 for the year ended December 31, 2012.

The Organization also leased office space in New Orleans, Louisiana on a month to month basis during the year ended December 31, 2012.

Rent expense incurred under this lease was \$9,943 for the year ended December 31, 2012.

NOTE 7 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supported services benefited.

NOTE 8 - CREDIT RISK CONCENTRATION AND MAJOR FUNDING SOURCES

The Organization receives grants and contracts for services from the public which comprises the majority of its revenue.

NOTE 9 - LITIGATION AND CLAIMS

There is no pending litigation against the Organization at December 31, 2012. Furthermore, the management of the Organization believes that any potential lawsuits would be adequately covered by insurance.

NOTE 10 - BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.