

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

**Financial Reports**

**December 31, 2014**

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

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**DECEMBER 31, 2014**

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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, 2014 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, 2014, 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

September 21, 2015

**FAMILIES AND FRIENDS OF LOUISIANA'S INCARCERATED CHILDREN**  
**(a non-profit organization)**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2014**

**Assets:**

Cash and cash equivalents	\$ 243,580
Unconditional promises to give (Note 2)	117,500
Prepaid expenses	5,937
Leasehold improvements and equipment, at cost less accumulated depreciation (Note 3)	3,189
Total assets	\$ 370,206

**Liabilities and net assets:**

Accounts payable	\$ 7,820
Payroll liabilities	453
Total liabilities	8,273
Unrestricted net assets	69,858
Temporarily restricted net assets (Note 4)	292,075
Total net assets	361,933
Total liabilities and net assets	\$ 370,206

**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, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support, revenues and reclassifications</b>			
Public support:			
Grants		\$ 459,055	\$ 459,055
Contributions	\$ 28,114		28,114
Total public support	<u>28,114</u>	<u>459,055</u>	<u>487,169</u>
Revenues:			
Membership dues	190		190
Other income	11,089		11,089
Total revenue	<u>11,279</u>		<u>11,279</u>
Reclassifications:			
Net assets released from restrictions due to satisfaction of time and purpose restrictions (Note 4)	300,277	(300,277)	
Total reclassifications	<u>300,277</u>	<u>(300,277)</u>	
Total support, revenues and reclassifications	<u>339,670</u>	<u>158,778</u>	<u>498,448</u>
<b>Expenses</b>			
Program services	<u>178,931</u>		<u>178,931</u>
Supporting services:			
Management and general	56,012		56,012
Fundraising	13,494		13,494
Total supporting services	<u>69,506</u>		<u>69,506</u>
Total expenses	<u>248,437</u>		<u>248,437</u>
<b>Changes in net assets</b>	91,233	158,778	250,011
<b>Net assets (deficit) at the beginning of the year</b>	<u>(21,375)</u>	<u>133,297</u>	<u>111,922</u>
<b>Net assets at the end of the year</b>	<u>\$ 69,858</u>	<u>\$ 292,075</u>	<u>\$ 361,933</u>

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, 2014**  
**Increase (decrease) in Cash and Cash Equivalents**

**Cash flows from operating activities:**

Cash received from the public support	\$ 449,667
Cash received from other sources	11,279
Cash payments for operating expenses	(93,707)
Cash payments for employee salaries and benefits	(155,810)
Net cash provided (used) by operating activities	<u>211,429</u>

**Cash flows from investing activities:**

Acquisition of fixed assets	<u>(2,796)</u>
Net cash provided (used) by investing activities	<u>(2,796)</u>

Net increase (decrease) in cash and cash equivalents	<u>208,633</u>
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Cash and cash equivalents at beginning of year	<u>34,947</u>
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Cash and cash equivalents at end of year	<u>\$ 243,580</u>
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**Reconciliation of change in net assets to net cash provided (used) by operating activities:**

Change in net assets	<u>\$ 250,011</u>
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Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:

Depreciation	1,543
( Increase) decrease in unconditional promises to give	(37,500)
( Increase) decrease in prepaid expenses	(1,258)
Increase (decrease) in accounts payable	(1,471)
Increase (decrease) in payroll taxes payable	104
Total adjustments	<u>(38,582)</u>

Net cash provided (used) by operating activities	<u>\$ 211,429</u>
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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, 2014**

	PROGRAM SERVICES	SUPPORTING SERVICES			TOTAL EXPENSE
		MANAGEMENT & GENERAL	FUNDRAISING	TOTAL	
Salary	\$ 103,179	\$ 9,711	\$ 8,497	\$ 18,208	\$ 121,387
Taxes and Benefits	28,279	2,662	2,328	4,990	33,269
Business Insurance	6,328	1,187	395	1,582	7,910
Computers & Maintenance	2,586	485	162	647	3,233
Consultants	2,400				2,400
Copier and Maintenance	240	45	15	60	300
Depreciation		1,543		1,543	1,543
Management fee		37,106		37,106	37,106
Meetings	3,565			-	3,565
Miscellaneous	742	908		908	1,650
Office Expense	6,752	1,266	422	1,688	8,440
Postage and Shipping	217				217
Printing and Reproduction	91	17	6	23	114
Project Supplies	7,701		78	78	7,779
Rent (Note 5)	1,840	345	115	460	2,300
Telephone	3,930	737	245	982	4,912
Travel	11,081		1,231	1,231	12,312
<b>Total</b>	<b>\$ 178,931</b>	<b>\$ 56,012</b>	<b>\$ 13,494</b>	<b>\$ 69,506</b>	<b>\$ 248,437</b>

The accompanying notes are an integral part of these statements.



## Families & Friends of Louisiana's Incarcerated Children

### Notes to Financial Statements

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#### 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, *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, 2014, the organization did not have any uncertain tax positions. Tax years ended December 31, 2011 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 September 21, 2015, which is the date the financial statements were available to be issued.

# Families & Friends of Louisiana's Incarcerated Children

## Notes to Financial Statements

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### 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

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#### 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 \$290,000 has been awarded. At December 31, 2014 funds of \$172,500 have been received.

In summary, unconditional promises to give at December 31, 2014 and expected to be collected in the future total \$117,500.

#### NOTE 3 - LEASEHOLD IMPROVEMENTS AND EQUIPMENT

At December 31, 2014 leasehold improvements and equipment consists of the following:

Equipment	<u>\$ 11,173</u>
Total costs	11,173
Less: Accumulated depreciation	<u>(7,984)</u>
Net book value	<u>\$3,189</u>

#### NOTE 4 - TEMPORARY RESTRICTIONS ON ASSETS

Temporarily restricted net assets are restricted by donors for specific purposes or designated for subsequent periods. At December 31, 2014, temporarily restricted net assets are available for the following purposes:

The Marguerite Casey Foundation – Grant agreement for the period of June 2014 through June 2017 for general program operations. Funds under this grant were recorded as income and totaled \$225,000 in 2014. Since inception \$43,750 has been expended for grant purposes. \$ 181,250

W.K. Kellogg Foundation - Grant agreement for the period of March 2013 through February 2015 for general program operations; Funds under this grant were recorded as income and totaled \$100,000 in 2013; Since inception \$91,667 has been expended for grant purposes 8,333

Schott Foundation - Grant agreement for the period of March 2014 through February 2015 for general program operations; Funds under this grant were recorded as income and totaled \$20,000 in 2014; Since inception \$16,667 has been expended for grant purposes 3,334

Unitarian Universities - Grant agreement for the period of January 2015 through December 2015 for general program operations; Funds under this grant were recorded as income and totaled \$10,000 in 2014; Since inception \$0 has been expended for grant purposes	10,000
Southern Partners Fund - Grant agreement for the period of January 2015 through December 2015 for general program operations; Funds under this grant were recorded as income and totaled \$5,000 in 2014; Since inception \$0 has been expended for grant purposes	5,000
Advancement Project - Grant agreement for the period of November 2014 through September 2015 for general program operations; Funds under this grant were recorded as income and totaled \$53,971 in 2014; Since inception \$9,813 has been expended for grant purposes	44,158
Catholic Campaign for Human Development - Grant agreement for the period of July 2014 through June 2015 for general program operations; Funds under this grant were recorded as income and totaled \$40,000 in 2014; Since inception \$20,000 has been expended for grant purposes	20,000
Greater New Orleans Foundation - Grant agreement for the period of January 2015 through December 2015 for the general program operations; Funds under this grant were recorded as income and totaled \$20,000 in 2014; Since inception \$0 has been expended for grant purposes	<u>20,000</u>
Total temporarily restricted funds	<u>\$ 292,075</u>

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

Advancement Project	\$9,813
Annie E. Casey Foundation	1,000
Carolyn W. and Charles T. Beard Family Foundation	25,000
Catholic Campaign for Human Development	50,000
Dignity in Schools	3,125
Forward Together	2,833
Foundation for Louisiana	10,588
Horizon's Foundation	250
Marguerite Casey	75,000
Schott Foundation	16,668
Solidago Foundation	10,000
Southern Poverty Law Center	1,000

Sparkplug Foundation	10,000
Tides Foundation	35,000
W.K. Kellogg Foundation	<u>50,000</u>
Total net assets released	<u>\$300,277</u>

**NOTE 5 – LEASE COMMITMENTS**

The Organization leased office space in New Orleans, Louisiana on a month to month basis during the year ended December 31, 2014.

Rent expense incurred under this lease was \$1,500 for the year ended December 31, 2014.

On January 6, 2015 the Organization leased a new office space at 1307 Oretha Castle Haley Blvd. in New Orleans, Louisiana. The term of the lease is January 1, 2015 through December 31, 2015. Future minimum lease payments under the non-cancelable lease are \$4,075.

**NOTE 6 - 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 7 - 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 8 - LITIGATION AND CLAIMS**

There is no pending litigation against the Organization at December 31, 2014. Furthermore, the management of the Organization believes that any potential lawsuits would be adequately covered by insurance.

**NOTE 9 - BOARD OF DIRECTORS' COMPENSATION**

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