

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

Financial Reports

December 31, 2015

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

TABLE OF CONTENTS

DECEMBER 31, 2015

	<u>PAGE NUMBER</u>
INDEPENDENT AUDITORS' REPORT	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	3
STATEMENT OF CASH FLOWS	4
STATEMENT OF FUNCTIONAL EXPENSES	5
NOTES TO FINANCIAL STATEMENTS	6 - 10

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Limited Liability Company

Reginald A. Bresette, III, CPA

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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, 2015 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, 2015, 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

October 31, 2016

FAMILIES AND FRIENDS OF LOUISIANA'S INCARCERATED CHILDREN
(a non-profit organization)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

Assets:

Cash and cash equivalents	\$ 172,915
Unconditional promises to give (Note 2)	20,000
Leasehold improvements and equipment, at cost less accumulated depreciation (Note 3)	<u>1,622</u>
Total assets	<u><u>\$ 194,537</u></u>

Liabilities and net assets:

Accounts payable	\$ 1,275
Payroll liabilities	<u>6,244</u>
Total liabilities	<u>7,519</u>
Unrestricted net assets	39,643
Temporarily restricted net assets (Note 4)	<u>147,375</u>
Total net assets	<u>187,018</u>
Total liabilities and net assets	<u><u>\$ 194,537</u></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 ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support, revenues and reclassifications			
Public support:			
Grants	\$ 5,764	\$ 127,250	\$ 133,014
Contributions	54,472		54,472
Total public support	<u>60,236</u>	<u>127,250</u>	<u>187,486</u>
Revenues:			
Membership dues	555		555
Other income	3,777		3,777
Total revenue	<u>4,332</u>		<u>4,332</u>
Reclassifications:			
Net assets released from restrictions due to satisfaction of time and purpose restrictions (Note 4)	271,950	(271,950)	
Total reclassifications	<u>271,950</u>	<u>(271,950)</u>	
Total support, revenues and reclassifications	<u>336,518</u>	<u>(144,700)</u>	<u>191,818</u>
Expenses			
Program services	<u>304,553</u>		<u>304,553</u>
Supporting services:			
Management and general	40,665		40,665
Fundraising	21,515		21,515
Total supporting services	<u>62,180</u>		<u>62,180</u>
Total expenses	<u>366,733</u>		<u>366,733</u>
Changes in net assets	(30,215)	(144,700)	(174,915)
Net assets at the beginning of the year	<u>69,858</u>	<u>292,075</u>	<u>361,933</u>
Net assets at the end of the year	<u><u>\$ 39,643</u></u>	<u><u>\$ 147,375</u></u>	<u><u>\$ 187,018</u></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, 2015
Increase (decrease) in Cash and Cash Equivalents

Cash flows from operating activities:

Cash received from the public support	\$ 284,986
Cash received from other sources	4,332
Cash payments for operating expenses	(110,579)
Cash payments for employee salaries and benefits	(249,404)
Net cash provided (used) by operating activities	<u>(70,665)</u>

Cash flows from investing activities:

Net increase (decrease) in cash and cash equivalents	<u>(70,665)</u>
Cash and cash equivalents at beginning of year	<u>243,580</u>
Cash and cash equivalents at end of year	<u><u>\$ 172,915</u></u>

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

Change in net assets	<u>\$ (174,915)</u>
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	1,567
(Increase) decrease in unconditional promises to give	97,500
(Increase) decrease in prepaid expenses	5,937
Increase (decrease) in accounts payable	(6,545)
Increase (decrease) in payroll taxes payable	5,791
Total adjustments	<u>104,250</u>
Net cash provided (used) by operating activities	<u><u>\$ (70,665)</u></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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	PROGRAM SERVICES	SUPPORTING SERVICES			TOTAL EXPENSE
		MANAGEMENT & GENERAL	FUNDRAISING	TOTAL	
Salary	\$ 180,315	\$ 16,971	\$ 14,849	\$ 31,820	\$ 212,135
Taxes and Benefits	41,647	3,920	3,430	7,350	48,997
Business Insurance	9,121	1,710	570	2,280	11,401
Computers & Maintenance	2,674	501	167	668	3,342
Consultants	2,900				2,900
Depreciation		1,567		1,567	1,567
Management fee		8,850		8,850	8,850
Meetings	5,211			-	5,211
Miscellaneous	1,522	1,860		1,860	3,382
Office Expense	12,689	2,379	794	3,173	15,862
Postage and Shipping	299	128		128	427
Printing and Reproduction	1,349	253	84	337	1,686
Professional dues	190				190
Project Supplies	20,908		211	211	21,119
Rent (Note 5)	3,148	590	197	787	3,935
Telephone	5,787	1,085	362	1,447	7,234
Training	1,469				1,469
Travel	15,324	851	851	1,702	17,026
Total	<u>\$ 304,553</u>	<u>\$ 40,665</u>	<u>\$ 21,515</u>	<u>\$ 62,180</u>	<u>\$ 366,733</u>

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, *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, 2015, the organization did not have any uncertain tax positions. Tax years ended December 31, 2012 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 October 31, 2016, 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 \$187,471 has been awarded. At December 31, 2015 funds of \$167,471 have been received.

In summary, unconditional promises to give at December 31, 2015 and expected to be collected in the future total \$20,000.

NOTE 3 - LEASEHOLD IMPROVEMENTS AND EQUIPMENT

At December 31, 2015 leasehold improvements and equipment consists of the following:

Equipment	<u>\$ 11,173</u>
Total costs	11,173
Less: Accumulated depreciation	<u>(9,551)</u>
Net book value	<u>\$1,622</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, 2015, 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 \$118,750 has been expended for grant purposes.

\$ 106,250

Ben and Jerry's Foundation - Grant agreement for the period of June 2015 through May 2016 for general program operations; Funds under this grant were recorded as income and totaled \$20,000 in 2015; Since inception \$11,667 has been expended for grant purposes

8,333

Schott Foundation - Grant agreement for the period of November 2015 through January 2016 for general program operations; Funds under this grant were recorded as income and totaled \$15,000 in 2015; Since inception \$10,000 has been expended for grant purposes

5,000

Southern Partners Fund - Grant agreement for the period of December 2015 through November 2016 for general program operations; Funds under this grant were recorded as income and totaled \$8,500 in 2015; Since inception \$708 has been expended for grant purposes	7,792
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Catholic Campaign for Human Development - Grant agreement for the period of July 2015 through June 2016 for general program operations; Funds under this grant were recorded as income and totaled \$40,000 in 2015; Since inception \$20,000 has been expended for grant purposes	<u>20,000</u>
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Total temporarily restricted funds	<u>\$ 147,375</u>
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Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

Advancement Project	\$44,159
Ben and Jerry's	11,667
Cox Communications	1,000
Catholic Campaign for Human Development	40,000
Greater New Orleans Foundation	20,000
Horizon's Foundation	250
Marguerite Casey	75,000
Schott Foundation	13,333
Solidago Foundation	7,500
Southern Partners Fund	5,708
Unitarian Foundation of Just Fund Society	10,000
Tides Foundation	35,000
W.K. Kellogg Foundation	<u>8,333</u>
Total net assets released	<u>\$271,950</u>

NOTE 5 – LEASE COMMITMENTS

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 \$0. The lease after December 31, 2015 was on a month to month basis.

Rent expense incurred under this lease was \$3,935 for the year ended December 31, 2015.

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, 2015. 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.