

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

Financial Reports

December 31, 2017

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

TABLE OF CONTENTS

DECEMBER 31, 2017

	<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

Reginald A. Bresette, III
Limited Liability Company

Reginald A. Bresette, III, CPA

Member
American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants

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, 2017 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.

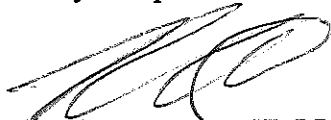
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or 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, 2017, 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

December 10, 2018

FAMILIES AND FRIENDS OF LOUISIANA'S INCARCERATED CHILDREN
(a non-profit organization)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

Assets:

Cash and cash equivalents	\$ 117,860
Unconditional promises to give (Note 2)	50,000
Leasehold improvements and equipment, at cost less accumulated depreciation (Note 3)	<u>4,796</u>
 Total assets	 <u><u>\$ 172,656</u></u>

Liabilities and net assets:

Accounts payable	\$ 3,781
Payroll liabilities	<u>2,320</u>
 Total liabilities	 <u>6,101</u>
 Unrestricted net assets (deficit)	 (6,445)
Temporarily restricted net assets (Note 4)	<u>173,000</u>
Total net assets	<u>166,555</u>
 Total liabilities and net assets	 <u><u>\$ 172,656</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, 2017

	Unrestricted	Temporarily Restricted	Total
Support, revenues and reclassifications			
Public support:			
Grants	\$ 46,250	\$ 183,000	\$ 229,250
Contributions	145,019		145,019
Total public support	191,269	183,000	374,269
Revenues:			
Membership dues	240		240
Other income	4,364		4,364
Total revenue	4,604		4,604
Reclassifications:			
Net assets released from restrictions due to satisfaction of time and purpose restrictions (Note 4)	339,071	(339,071)	
Total reclassifications	339,071	(339,071)	
Total support, revenues and reclassifications	534,944	(156,071)	378,873
Expenses			
Program services	402,985		402,985
Supporting services:			
Management and general	45,223		45,223
Fundraising	63,732		63,732
Total supporting services	108,955		108,955
Total expenses	511,940		511,940
Changes in net assets	23,004	(156,071)	(133,067)
Net assets at the beginning of the year (deficit)	(29,449)	329,071	299,622
Net assets at the end of the year (deficit)	\$ (6,445)	\$ 173,000	\$ 166,555

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, 2017
Increase (decrease) in Cash and Cash Equivalents

Cash flows from operating activities:

Cash received from the public support	\$ 479,269
Cash received from other sources	4,604
Cash payments for operating expenses	(217,894)
Cash payments for employee salaries and benefits	(296,049)
Net cash provided (used) by operating activities	<u>(30,070)</u>

Cash flows from investing activities:

Acquisition of fixed assets	\$ (4,963)
Net cash provided (used) by investing activities	<u>(4,963)</u>

Net increase (decrease) in cash and cash equivalents (35,033)

Cash and cash equivalents at beginning of year 152,893

Cash and cash equivalents at end of year \$ 117,860

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

Change in net assets	<u>\$ (133,067)</u>
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	1,582
(Increase) decrease in unconditional promises to give	105,000
Increase (decrease) in accounts payable	238
Increase (decrease) in payroll taxes payable	(3,823)
Total adjustments	<u>102,997</u>
Net cash provided (used) by operating activities	<u>\$ (30,070)</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, 2017**

	PROGRAM SERVICES	SUPPORTING SERVICES			TOTAL EXPENSE
		MANAGEMENT & GENERAL	FUNDRAISING	TOTAL	
Salary	\$ 201,051	\$ 22,581	\$ 11,874	\$ 34,455	\$ 235,506
Taxes and Benefits	48,212	4,537	3,972	8,509	56,721
Business Insurance	7,226	1,355	452	1,807	9,033
Computers & Maintenance	1,697	318	107	425	2,122
Consultants	65,829				65,829
Depreciation		1,582		1,582	1,582
Management fee		950		950	950
Meetings	5,694	170		170	5,864
Miscellaneous	3,382	3,102		3,102	6,484
Office Expense	10,986	2,060	687	2,747	13,733
Postage and Shipping	394	262		262	656
Printing and Reproduction	1,549	291	97	388	1,937
Professional dues	150				150
Project Supplies	11,845			-	11,845
Rent (Note 5)	3,600	675	225	900	4,500
Special Events		248	43,856	44,104	44,104
Telephone	5,996	1,124	376	1,500	7,496
Training	1,851				1,851
Travel	33,523	5,968	2,086	8,054	41,577
Total	\$ 402,985	\$ 45,223	\$ 63,732	\$ 108,955	\$ 511,940

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 Organization reports information regarding its financial position and activities to three classes of net assets:

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, 2017, the organization did not have any uncertain tax positions. Tax years ended December 31, 2014 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 November 29, 2018, 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 \$229,250 has been awarded. At December 31, 2017 funds of \$179,250 have been received.

In summary, unconditional promises to give at December 31, 2017 and expected to be collected in the future total \$50,000.

NOTE 3 - LEASEHOLD IMPROVEMENTS AND EQUIPMENT

At December 31, 2017 leasehold improvements and equipment consists of the following:

Equipment	<u>\$ 16,851</u>
Total costs	16,851
Less: Accumulated depreciation	<u>(12,055)</u>
Net book value	<u>\$4,796</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, 2017, temporarily restricted net assets are available for the following purposes:

The Marguerite Casey Foundation – Grant agreement for the period of June 2017 through May 2019 for general program operations. Funds under this grant were recorded as income and totaled \$100,000 in 2017. Since inception \$29,167 has been expended for grant purposes

\$ 70,833

W.K. Kellogs Foundation - Grant agreement for the period of May 2016 through April 2018 for general program operations; Funds under this grant were recorded as income and totaled \$170,000 in 2016; Since inception \$141,667 has been expended for grant purposes

28,333

New Venture Fund - Grant agreement for the period of August 2016 through July 2018 for general program operations; Funds under this grant were recorded as income and totaled \$100,000 in 2016; Since inception \$70,833 has been expended for grant purposes

29,167

Funders Collaborative for Youth Organizing – Grant agreement for the period of November 2017 through October 2018 for general program operations; Funds under this grant were recorded as income and totaled \$15,000 in 2017; Since inception \$2,500 has been expended for grant purposes	12,500
Unitarian Universalists - Grant agreement for the period of June 2017 through May 2018 for general program operations; Funds under this grant were recorded as income and totaled \$15,000 in 2017; Since inception \$8,750 has been expended for grant purposes	6,250
Institute of Mental Hygiene - Grant agreement for the period of July 2017 through June 2018 for general program operations; Funds under this grant were recorded as income and totaled \$10,000 in 2017; Since inception \$5,000 has been expended for grant purposes	5,000
Cricket Island Foundation - Grant agreement for the period of December 2017 through November 2018 for general program operations; Funds under this grant were recorded as income and totaled \$15,000 in 2017; Since inception \$1,250 has been expended for grant purposes	13,750
The Sunflower Foundation - Grant agreement for the period of January 2018 through December 2018 for general program operations; Funds under this grant were recorded as income and totaled \$3,000 in 2018; Since inception \$0 has been expended for grant purposes	3,000
Funders Collaborative for Youth Organizing – Grant agreement for the period of March 2017 through February 2018 for general program operations; Funds under this grant were recorded as income and totaled \$25,000 in 2017; Since inception \$20,833 has been expended for grant purposes	4,167
Total temporarily restricted funds	<u>\$ 173,000</u>

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

Advancement Project	\$34,582
Ben and Jerry's	8,350
Catholic Campaign for Human Development	20,000
Cricket Island Foundation	1,250
Funders Collaborative for Youth Organizing	23,333
Greater New Orleans Foundation	10,000

Institute for Mental Hygiene	5,000
Marguerite Casey	60,417
New Venture Fund	50,000
NSERI	2,222
Schott Foundation	12,500
Solidago Foundation	1,667
Southern Partners Fund	10,083
Sunflower Foundation	3,000
Unitarian Universalists – Fund For A Just Society	11,667
W.K. Kellogg Foundation	85,000
	<hr/>
Total net assets released	<u>\$339,071</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 initial 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 \$4,500 for the year ended December 31, 2017.

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, 2017. 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.

Reginald A. Bresette, III
Limited Liability Company

Reginald A. Bresette, III, CPA

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December 11, 2018

Board of Directors
Families & Friends of Louisiana Incarcerated Children
1307 Oretha Castle Haley Blvd.
Suite 303
New Orleans, LA 70113

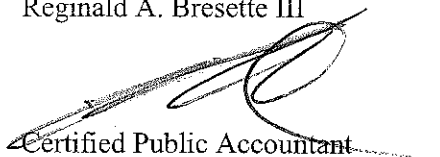
In planning and performing our audit of the financial statements of **Families & Friends of Louisiana Incarcerated Children** (the Organization) as of and for the year ended **December 31, 2017**, in accordance with auditing standards generally accepted in the United States of America, we considered **Families & Friends of Louisiana Incarcerated Children's** internal control over financial reporting (internal control) as a basis for designing 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 Organization's Internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design of operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

This communication is intended solely for the information and use of management, the board of directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Reginald A. Bresette III



Certified Public Accountant

Reginald A. Bresette, III
Limited Liability Company

Reginald A. Bresette, III, CPA

Member
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Society of Louisiana Certified Public Accountants

December 11, 2018

To the Board of Directors
Families & Friends of Louisiana Incarcerated Children
1307 Oretha Castle Haley Blvd.
Suite 303
New Orleans, LA 70113

We have audited the financial statements of **Families & Friends of Louisiana Incarcerated Children** (the Organization) for the year ended **December 31, 2017**, and have issued our report thereon dated **December 11, 2018**. Professional standards require that we provide you with the following information related to our audit.

Our responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated **November 12, 2018**, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of **Families & Friends of Louisiana Incarcerated Children**. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of **Families & Friends of Louisiana Incarcerated Children's** compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on **November 12, 2018**.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by **Families & Friends of Louisiana Incarcerated Children** are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended **December 31, 2017**. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the functional breakdown of expenses between program services, management and general, and fundraising activities is based on employee time and expense analysis. We evaluated the key factors and assumptions used to develop the functional expense allocation in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated **December 11, 2018**.

Management Consultations with Other Independent Accountants

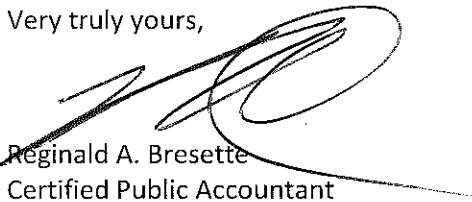
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of **Families & Friends of Louisiana Incarcerated Children** and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Reginald A. Bresette
Certified Public Accountant