

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS
AND AUDITORS' REPORTS**

June 30, 2020

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**
TABLE OF CONTENTS
June 30, 2020

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1 - 3
FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4 - 5
Consolidated Statement of Activities and Changes in Net Assets.....	6
Consolidated Statement of Cash Flows	7
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.....	8 - 17
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	18-19
Schedule of Expenditures of Federal Awards.....	20
Notes to Schedule of Expenditures of Federal Awards.....	21
Schedule of Findings and Questioned Costs	22-23
Schedule of Prior Year Findings and Questioned Costs	24
Schedules of Compensation, Reimbursements, Benefits and Other Payments to Agency Heads	25
Management's Corrective Action Plan	26



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Agenda for Children, Inc. and Subsidiary

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Agenda for Children, Inc. (a nonprofit organization), and Subsidiary (the Organization) which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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, we 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Agenda for Children, Inc. and Subsidiary as of June 30, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise Agenda for Children, Inc. and the Subsidiary's consolidated financial statements as a whole. The accompanying Schedules of Compensation, Reimbursements, Benefits and Other Payments to Agency Heads are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. This information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2020, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
December 23, 2020

AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2020

ASSETS

	<u>2020</u>
CURRENT ASSETS	
Cash	\$ 1,713,305
Grants receivable	750,074
Accounts receivable	149,634
Prepaid expenses	<u>125,209</u>
TOTAL CURRENT ASSETS	2,738,222
Deposits	10,700
Due from employees	34,593
Property and equipment, net	<u>5,692</u>
TOTAL ASSETS	<u>\$ 2,789,207</u>

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - Continued
June 30, 2020

LIABILITIES AND NET ASSETS

	<u>2020</u>
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	\$ <u>164,767</u>
TOTAL CURRENT LIABILITIES	164,767
LONG-TERM LIABILITIES	
Paycheck protection program loan	<u>538,874</u>
TOTAL LIABILITIES	703,641
COMMITMENTS	
NET ASSETS	
Without donor restrictions	1,722,732
With donor restrictions	<u>362,834</u>
TOTAL NET ASSETS	<u>2,085,566</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,789,207</u>

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Grant revenue	\$ 1,448,956	\$ 2,061,534	\$ 3,510,490
Contractor revenue	1,868,363	-	1,868,363
Fees	93,840	-	93,840
Contributions	79,738	-	79,738
Interest income	13,340	-	13,340
Other	25,172	-	25,172
Net assets released from restrictions	<u>2,160,644</u>	<u>(2,160,644)</u>	<u>-</u>
TOTAL REVENUES	5,690,053	(99,110)	5,590,943
EXPENSES			
Personnel costs	2,396,095	-	2,396,095
Travel and meetings	84,700	-	84,700
Occupancy	184,033	-	184,033
Advertising and promotion	4,368	-	4,368
Contract services	554,129	-	554,129
Information technology	77,174	-	77,174
Direct program expenses	1,954,938	-	1,954,938
Office	125,322	-	125,322
Other	<u>40,826</u>	<u>-</u>	<u>40,826</u>
TOTAL EXPENSES	<u>5,421,585</u>	<u>-</u>	<u>5,421,585</u>
Increase (Decrease) in net assets	268,468	(99,110)	169,358
Net assets, beginning of year	<u>1,454,264</u>	<u>461,944</u>	<u>1,916,208</u>
Net assets, end of year	<u>\$ 1,722,732</u>	<u>\$ 362,834</u>	<u>\$ 2,085,566</u>

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2020

	2020
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 169,358
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	2,203
Changes in operating assets and liabilities:	
Increase in grants receivable	(242,061)
Increase in accounts receivable	(139,834)
Increase in prepaid expenses	(66,399)
Increase in due from employees	(1,278)
Decrease in accounts payable and accrued liabilities	(86,578)
NET CASH USED IN OPERATING ACTIVITIES	(364,589)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds – Paycheck protection program	538,874
NET CASH PROVIDED BY FINANCING ACTIVITIES	538,874
NET INCREASE IN CASH	174,285
CASH AT BEGINNING OF YEAR	1,539,020
CASH AT END OF YEAR	\$ 1,713,305

AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020

NOTE I – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements of Agenda for Children, Inc., and its Subsidiary, New Orleans Early Education Network (the Organization).

Basis of Consolidation

In accordance with ASC 958-810-25-4, the financial statements of New Orleans Early Education Network (NOEEN) have been consolidated with the financial statements of Agenda for Children, Inc. (AFC). AFC has the power to direct the activities of NOEEN and has fiscal control over the assets of NOEEN through a fiscal sponsorship agreement. The consolidated financial statements and notes are representations of the Organization’s management, who is responsible for their integrity and objectivity. All intercompany transactions have been eliminated in the consolidation.

Nature of Activities

Agenda for Children, Inc. is a non-profit corporation organized to provide an informed, consistent and intentional voice on behalf of Louisiana’s children. Agenda for Children, Inc. helps families find and choose child care and offers training and technical assistance for child care providers in the southeastern Louisiana area.

New Orleans Early Education Network is a non-profit corporation organized on June 22, 2017 to have a collective impact on the early childhood sector in New Orleans by increasing at-risk children’s access to quality early care and education and by designing and implementing a systematic approach to improve the quality of all publicly funded early learning programs.

Basis of Presentation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with U.S. generally accepted accounting principles (“US GAAP”), which required the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and Board of Directors.

AGENDA FOR CHILDREN, INC. AND SUBSIDIARY

*NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-Continued
June 30, 2020*

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation - Continued

Net Assets With Donor Restrictions

Net assets are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statement of activities and changes in net assets.

New Accounting Pronouncements

In June 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2018-08. Not-for-Profit Entities (“Topic 958”) – *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves accounting guidance in evaluating whether a transfer of assets is a contribution or an exchange transaction. In addition, the update introduces the concept of barriers in providing additional guidance on identifying conditions that would preclude the recognition of a contribution as revenue. The Organization has adjusted the presentation of the June 30, 2020 financial statements accordingly. The ASU has been applied on a modified prospective basis.

In May 2014, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update No. 2014-09. Revenue from Contracts with Customers (“Topic 606”), or ASU 606. ASU 606 provides guidance outlining a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers that supersedes most current revenue recognition guidance. This guidance requires the Organization to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Additionally, the new guidance requires enhanced disclosures, including revenue recognition policies to identify performance obligations to customers and significant judgments in measurement and recognition. The new guidance may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of adoption.

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**

*NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-Continued
June 30, 2020*

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES –
CONTINUED**

New Accounting Pronouncements - Continued

The original effective date of the guidance would have required the Organization to adopt at July 1, 2018; however, the FASB approved a deferral of the effective date, which allowed the Organization to defer implementation until the year beginning July 1, 2020. The Organization is in the process of evaluating the overall impact this guidance will have on the financial statements beginning July 1, 2020.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

Accounts receivable consists of amounts management expects to collect related to the performance of contractual agreements.

Grants Receivable

Grants receivable at June 30, 2020 consisted of the following:

	<u>2020</u>
Tulane University	\$ 8,625
Department of Education	452,799
Orleans Parish School Board	252,816
Baton Rouge Area Foundation	33,334
Greater New Orleans Foundation	<u>2,500</u>
	<u>\$ 750,074</u>

The Organization does not require collateral. Because of the immateriality of uncollectible accounts, it is not considered necessary to establish an allowance provision.

Revenues and Revenue Recognition

The Organization recognizes grant revenue and contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**

*NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-Continued
June 30, 2020*

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES –
CONTINUED**

Revenues and Revenue Recognition - Continued

A portion of the Organization’s revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when the Organization has incurred expenses in compliance with specific contract or grant provisions.

Property and Equipment

Property and equipment are recorded at cost. The Organization capitalizes all expenditures in excess of \$5,000, and depreciates on a straight-line basis upon the following estimated useful lives: software - 3 years and furniture and equipment - 5 years. Leasehold improvements are depreciated over the shorter of the useful life of the improvement or the remaining term of the lease. Depreciation expense for the year ended June 30, 2020 totaled \$2,203.

Donated Services

Unpaid board members and volunteers conduct a significant portion of the Organization’s functions. The value of this contributed time is not reflected in the accompanying consolidated financial statements since the volunteers’ time does not meet the criteria necessary for recognition.

Advertising Expense

The Organization paid \$4,368 in advertising costs for the year ended June 30, 2020. The costs are expensed as incurred.

Income Taxes

Agenda for Children, Inc. is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and the Louisiana Revised Statutes. New Orleans Early Education Network is in the process of applying for an exemption under Section 501(c)(3) of the Internal Revenue Code and the Louisiana Revised Statutes. Therefore, no provision for income taxes has been included in these consolidated financial statements.

The Organization recognizes the tax benefit from uncertain tax positions only if it is “more likely than not” the tax position will be sustained on examination by the taxing authorities. To the extent the Organization’s assessment of such tax positions change, the change will be recorded in the period in which the determination is made. No adjustments were required for the fiscal year ended June 30, 2020.

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**

*NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-Continued
June 30, 2020*

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES –
CONTINUED**

Income Taxes - Continued

AFC's tax returns for the years ended June 30, 2017, 2018, and 2019 remain open and subject to examination by taxing authorities. The income tax returns for the year ended June 30, 2020 have not been filed.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Liquidity

Assets are presented in the accompanying Consolidated Statement of Financial Position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

Fair Value of Financial Instruments

Fair value estimates, methods and assumptions for the Organization's financial instruments are that the carrying amounts reported in the Consolidated Statement of Financial Position is a reasonable estimate of fair value for the fiscal year ended June 30, 2020.

Functional Expense Reporting

The cost of providing program and other activities have been summarized on a functional basis (See Note 7). Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis.

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**

*NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-Continued
June 30, 2020*

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Functional Expense Reporting - Continued

The expenses that are allocated include the following:

Expenses	Method of Allocation
Personnel costs	Time and effort
Travel and meetings	Time and effort
Occupancy	Time and effort
Advertising and promotion	Time and effort
Contract services	Time and effort
Information technology	Time and effort
Office	Time and effort
Other	Time and effort

NOTE 2 – OFF BALANCE SHEET RISK

The Organization maintains its cash in bank accounts. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash at June 30, 2020, exceeded federally insured limits by \$154,673. The cash balance could be impacted if the underlying financial institutions fail or could be subject to other adverse conditions in the financial markets.

NOTE 3 – CONCENTRATIONS

The Organization had one agency i.e., (the Louisiana Department of Education) who accounted for 51% of total revenues and 50% of total receivables at June 30, 2020.

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2020, the net assets with donor restrictions were for the following purposes:

Baptist Community Ministries (NOEEN)	\$ 65,000
City of New Orleans – City Seats	112,000
The Booth-Bricker Fund	100,000
Annie E. Casey Foundation – Kids Count	50,000
Baton Rouge Area Foundation (BRAAF)	33,334
Greater New Orleans Foundation (GNOF)	<u>2,500</u>
	<u>\$ 362,834</u>

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-Continued
June 30, 2020

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2020 consisted of the following:

Leasehold improvements	\$ 52,392
Telephone	11,016
Software	<u>21,880</u>
	85,288
Less accumulated depreciation	<u>(79,596)</u>
	<u>\$ 5,692</u>

NOTE 6 – COMMITMENTS

The Organization leases office locations in New Orleans, Louisiana which expires on December 31, 2022, Mandeville, Louisiana which expired on March 31, 2019, and Houma, Louisiana which expired on June 30, 2015. The Mandeville and Houma leases continued subsequent to expiration on a month-to-month basis.

Future minimum lease payments are as follows:

Year Ended	
<u>June 30,</u>	
2021	\$ 81,900
2022	84,000
2023	<u>42,600</u>
	<u>\$ 208,500</u>

The rental expense for the year ended June 30, 2020 totaled \$135,007.

NOTE 7 – CLASSIFICATION OF EXPENSES

The Consolidated Statement of Activities and Changes in Net Assets disclose expenses by natural classification. The classification of expenses by function for the year ended June 30, 2020 is as follows:

	Program Services	Communication & Policy	SUPPORTING SERVICES		Total
			Management & General	Fundraising	
Personnel costs	\$ 1,756,756	\$ 120,689	\$ 518,650	\$ -	\$ 2,396,095
Travel and meetings	63,549	2,738	18,413	-	84,700
Occupancy	49,298	-	134,735	-	184,033
Advertising and promotion	58	3,666	644	-	4,368
Contract services	477,121	5,086	71,922	-	554,129
Information technology	33,916	-	43,258	-	77,174
Direct program expenses	1,954,938	-	-	-	1,954,938
Office	35,435	-	89,887	-	125,322
Other	17,245	1,037	22,544	-	40,826
	<u>\$ 4,388,316</u>	<u>\$ 133,216</u>	<u>\$ 900,053</u>	<u>\$ -</u>	<u>\$ 5,421,585</u>

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**

*NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-Continued
June 30, 2020*

NOTE 8 – RELATED-PARTY TRANSACTIONS

The Organization incurred expenses with businesses owned by current board members totaling \$210,000 during the year ended June 30, 2020 for services related to its child care training programs.

NOTE 9 – COMPENSATED ABSENCES

Employees of the Organization are entitled to paid vacation and sick days, depending on length of service and other factors. The Organization’s policy is to accrue amounts earned by employees at the end of the year. As of June 30, 2020 the Organization has accrued \$47,045.

NOTE 10 – EMPLOYEE RETIREMENT PLAN

The Organization adopted a 403(b) retirement plan on October 1, 2019 that is available to all eligible employees. The Organization made safe harbor nonelective contributions equal to 3% of eligible employee’s compensation. The retirement expense for the year ended June 30, 2020 totaled \$48,862.

NOTE 11 – PAYCHECK PROTECTION PROGRAM LOAN

On April 13, 2020, the Organization received loan proceeds in the amount of \$538,874 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, payable monthly commencing on September 13, 2021. The Organization intends to use the proceeds for purposes consistent with the PPP. While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, it cannot be assured that the Organization will be eligible for forgiveness of the loan, in whole or in part.

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**

*NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-Continued
June 30, 2020*

NOTE 12 – FUTURE PRINCIPAL PAYMENT OBLIGATIONS

Future principal payment obligations for the Paycheck Protection Program loan, if not forgiven, for the years subsequent to June 30, 2020 are as follows:

Year Ending	
<u>June 30,</u>	
2021	\$ -
2022	<u>538,874</u>
	<u>\$ 538,874</u>

NOTE 13 – LIQUIDITY AND AVAILABILITY

As of June 30, 2020, the Organization had working capital of \$2,573,455.

Financial assets available for general expenditures within one year as of June 30, 2020, consist of the following:

Cash	\$ 1,713,305
Grants receivable	750,074
Accounts receivable	149,634
Due from employees	34,593
Deposits	<u>10,700</u>
Total Financial Assets	2,658,306

Less amounts not available to be used within one year:

Due from employees	34,593
Deposits	<u>10,700</u>

Financial assets not available to be used within one year 45,293

Financial assets available to meet general expenditures within one year \$ 2,613,013

Other assets have been deemed to not likely be converted into cash within one year, and therefore, are not available to be used to satisfy general expenditures in the following year.

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**

*NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-Continued
June 30, 2020*

NOTE 14 – COVID-19

During March 2020, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a public health emergency. There have been mandates from international, federal, state, and local authorities requiring forced closures of various schools, businesses, and other facilities and organizations. This situation could negatively impact the Organization. While the closures and limitations of movement, domestically and internationally, are expected to be temporary, the duration of the disruption, and related financial impact, cannot be estimated at this time. Should the closures continue for an extended period of time or should the effects of COVID-19 continue to spread, the impact could have a material adverse effect on the Organization's financial position, results of operations, or cash flows.

NOTE 15 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through the date the consolidated financial statements were available to be issued, which corresponds with the date of the independent auditors' report.

No material subsequent events have occurred since June 30, 2020 that require recognition or disclosure in these consolidated financial statements.



**INDEPENDENT AUDITORS' 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**

The Board of Directors of
Agenda for Children, Inc. and Subsidiary
New Orleans, Louisiana

We have audited, in accordance with the 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, the consolidated financial statements of Agenda for Children, Inc. and Subsidiary (the Organization), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 23, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated 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 or 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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from 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 or other matters that are required to be reported under *Government Auditing Standards*.

The Organization's Response to Findings

The Organization's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
December 23, 2020

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**
*SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020*

<u>Program Title</u>	<u>Award Number</u>	<u>CFDA Number</u>	<u>Passed through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Education				
Passed through the Administrators of the Tulane Education Fund:				
Education Research, Development and Dissemination	TUL-SCC-557311-19/20	84.305H	\$ -	\$ 8,625
Passed through State of Louisiana Department of Education:				
Preschool Development Grants	28-18-RM-A4	84.419B	206,350	206,350
Preschool Development Grants	28-18-RL-A4	84.419B	<u>75,000</u>	<u>75,000</u>
Total Preschool Development Grants			<u>281,350</u>	<u>281,350</u>
Total for U.S. Department of Education			281,350	289,975
U.S. Department of Health and Human Services				
CCDF Cluster:				
Child Care and Development Block Grant	28-18-CO-NH	93.575	-	174,685
Child Care and Development Block Grant	28-18-CZ-A4	93.575	<u>-</u>	<u>30,671</u>
Total CCDF Cluster			-	205,356
Passed through State of Louisiana Department of Education:				
ESSA Preschool Development Grants	28-19-RSB5-NH	93.434	-	144,513
Infant CLASS Supports Grant	28-19-ICPG-NH	93.434	<u>-</u>	<u>42,047</u>
Total for U.S. Department of Health and Human Services			<u>-</u>	<u>391,916</u>
Total Federal Expenditures			<u>\$ 281,350</u>	<u>\$ 681,891</u>

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**

*NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying *Schedule of Expenditures of Federal Awards* includes the federal grant activity of Agenda for Children, Inc and Subsidiary (the Organization) and is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the net position and changes in net assets of the Organization. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the consolidated financial statements.

NOTE 2 – DE MINIMIS COST RATE

During the year ended June 30, 2020, the Organization did not elect to use the 10% de minimis cost rate as covered in section 200.414 of the Uniform Guidance.

NOTE 3 – NON-CASH ASSISTANCE

No federal awards were expended in the form of non-cash assistance during the year ended June 30, 2020.

AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

I. SUMMARY OF AUDITORS' RESULTS

- a. The type of report issued on the consolidated financial statements: Unmodified opinion.
- b. Significant deficiencies in internal controls were disclosed by the audit of the consolidated financial statements: 2020-001. Material weaknesses: None.
- c. Noncompliance which is material to the consolidated financial statements: None.

2. FINANCIAL STATEMENT FINDINGS

Significant Deficiencies:

2020-001

Criteria:

Management for the Organization is responsible for establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met and ensuring that management and financial information is reliable and properly reported as outlined in Section A1.08(d) of the *Government Auditing Standards*.

Condition:

During our audit procedures we noted, the Director of Finance and Administration has the ability to sign checks as a backup signer for instances when the Chief Executive Officer (the primary check signer) is not available; she also maintains the accounting records and can post entries to the general ledger.

Cause:

The Organization authorizes the Director of Finance and Administration to sign checks as a backup signer for the Chief Executive Officer on an emergency basis.

AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-Continued
Year Ended June 30, 2020

2. FINANCIAL STATEMENT FINDINGS - Continued

Effect:

With this weakness in segregation of duties, the Director of Finance and Administration could potentially perpetrate and conceal fraud and/or misstate the financial statements, whether through errors or misappropriation of the Organization's assets, and not be detected on a timely basis. However, there are a number of mitigating detective controls regarding this weakness, such as the Chief Executive Officer timely reviewing all bank statements and his responsibility to review and pre-approve all disbursements. Despite these mitigating detective controls, we still consider this a significant deficiency.

Recommendation:

The Organization should consider putting proper controls in place to ensure a proper segregation of duties between initiating, recording, and approving transactions.

Management's Response:

Management concurred with the recommendation. See Management's Corrective Action Plan.

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**

*SCHEDULE OF PRIOR YEAR FINDINGS
AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020*

RESOLUTION

SECTION I – FINDINGS RELATED TO THE FINANCIAL STATEMENTS

2019-001 Segregation of Duties

Unresolved. See 2020-001

**AGENDA FOR CHILDREN, INC.
AND SUBSIDIARY**
SCHEDULES OF COMPENSATION, REIMBURSEMENTS,
BENEFITS AND OTHER PAYMENTS TO AGENCY HEADS
FOR THE YEAR ENDED JUNE 30, 2020

Agency Head: Dr. Anthony Recasner,
CEO - Agenda for Children

Salary	\$	-
Benefits		<u>-</u>
Total	\$	<u><u>-</u></u>

Agency Head: Jennifer Roberts,
Executive Director - New Orleans Early Education
Network

Salary	\$	30,302
Benefits		<u>1,145</u>
Total	\$	<u><u>31,447</u></u>

December 23, 2020

Louisiana Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804-9397

Re: Agenda for Children Response to FY2020 Financial Statement Finding

Agenda for Children respectfully submits a corrective action plan in connection with the audit finding related to effective internal control for the year ended June 30, 2020.

Kushner LaGraize, LLC Recommendation:

The Organization should consider putting proper controls in place to ensure a proper segregation of duties between initiating, recording, and approving transactions.

Management's Response:

Management concurred with the recommendation. While the Director of Finance and Administration was a backup check signer when the Chief Executive Officer was not available, copies of all checks with supporting documentation that the Director of Finance and Administration signed were provided to the Chief Executive Officer for review. Further, all bank statements were opened and reviewed by the Chief Executive Officer; the bank statements include copies of all cleared checks.

The President has been added and will act as the backup signer in instances when the Chief Executive Officer is not available. The Director of Finance and Administration will remain listed as a signer for instances when the Chief Executive Officer and President are not available.

Access to the accounting system will be changed for the Director of Finance and Administration so as to ensure proper segregation of duties between initiating, recording, and approving transactions.