

RECEIVED  
DEC 12 1983**FOREVER OUR CHILDREN, INC.****FINANCIAL STATEMENTS AND  
AUDITOR'S REPORT**

June 30, 1983

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-28-84

**FOREVER OUR CHILDREN, INC.**

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# Justin J. Scandan, CPA

CERTIFIED PUBLIC ACCOUNTANT

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Forever Our Children, Inc.

I have audited the accompanying statement of financial position of Forever Our Children, Inc. (a non-profit corporation) as of June 30, 2003, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. 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, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Forever Our Children, Inc. as of June 30, 2003, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated October 28, 2003, on my consideration of Forever Our Children, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. This report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

My audit was made for the purpose of forming an opinion on the basic financial statements of Forever Our Children, Inc. taken as a whole. The supplemental information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



New Orleans, Louisiana  
October 28, 2003

**FOREVER OUR CHILDREN, INC.**  
**STATEMENT OF FINANCIAL POSITION**

**June 30, 2003**

**ASSETS**

Cash	\$ 2,118
Grant receivable (Notes A4 and E)	___12,208
Total assets	<b>\$ 14,326</b>

**LIABILITIES AND NET ASSETS**

Note payable - bank (Note C)	\$ 5,000
Accounts payable and accrued liabilities	___8,188
Total liabilities	12,188
Commitment (Note D)	-
Net assets	
Unrestricted	___2,138
Total net assets	___2,138
Total liabilities and net assets	<b>\$ 14,326</b>

The accompanying notes are an integral part of this financial statement.

**FOREVER OUR CHILDREN, INC.**

**STATEMENT OF ACTIVITIES**

For the year ended June 30, 2003

	<b>UNRESTRICTED</b>	<b>TEMPORARILY RESTRICTED</b>	<b>TOTAL</b>
<b>REVENUES</b>			
Grant appropriations (Note E)	\$ -	\$ 458,500	\$ 458,500
Interest income	1,066	-	1,066
Other income	6,120	2,718	8,838
Net assets released from restrictions	<u>566,111</u>	<u>6,096,012</u>	<u>6,662,123</u>
Total revenues	<u>573,297</u>	<u>6,554,830</u>	<u>7,128,127</u>
<b>EXPENSES</b>			
Salaries	222,812	-	222,812
Fringe benefits	15,185	-	15,185
Tuition	4,588	-	4,588
Occupancy expenses	20,790	-	20,790
Insurance	15,825	-	15,825
Contract services	161,247	-	161,247
Program activities	18,240	-	18,240
Supplies	60,758	-	60,758
Telephone	5,867	-	5,867
Postage	276	-	276
Equipment expense	36,838	-	36,838
Other	<u>5,683</u>	<u>-</u>	<u>5,683</u>
Total expenses	<u>565,682</u>	<u>-</u>	<u>565,682</u>
Increases (Decreases) in net assets	7,615	= 188,938	= 196,553
Net assets, beginning of year	<u>6,125,000</u>	<u>6,382,833</u>	<u>12,507,833</u>
Net assets, end of year	<u>\$ 6,132,615</u>	<u>\$ 6,571,771</u>	<u>\$ 12,704,386</u>

The accompanying notes are an integral part of this financial statement.

FOREVER OUR CHILDREN, INC.

STATEMENT OF CASH FLOWS

For the year ended June 30, 1993

Increase (decrease) in cash and cash equivalents

Cash flows from operating activities:

Decrease in net assets \$ < 100,660

Adjustments to reconcile decrease in net assets

to net cash used in operating activities:

Changes in assets and liabilities:

Increase in grants receivable \$ < 12,300

Decrease in prepaid expenses 4,917

Increase in accounts payable and accrued liabilities \_\_\_\_\_ 649 \_\_\_\_\_ < 6,634

Net cash used in operating activities \_\_\_\_\_ < 103,524

Cash flows from financing activities:

Proceeds from financial institution 109,124

Payments to financial institution \_\_\_\_\_ < 104,750

Net cash provided by financing activities \_\_\_\_\_ 4,374

Net decrease in cash and cash equivalents = 103,671

Cash and cash equivalents, beginning of year \_\_\_\_\_ 104,520

Cash and cash equivalents, end of year \$ \_\_\_\_\_ 3,118

Cash flow information:

Interest paid \$ 1,111

The accompanying notes are an integral part of this financial statement.

**FOREVER OUR CHILDREN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 1983

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the corporation's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**1. Nature of Activities**

Forever Our Children, Inc. was organized to provide instruction and tutorial assistance in reading and mathematics, as well as general assistance with homework assignments. Computers are an integral part of the learning process and also serve as an aid to reinforce skills that are taught at the school and at Forever Our Children, Inc.

**2. Financial Statement Presentation**

The corporation's financial statements are prepared in accordance with requirements established by the Financial Accounting Standards Board (FASB) as set forth in the Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations." Accordingly, the net assets of the corporation are reported in each of the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets. There were no permanently restricted net assets.

Net assets of the restricted class are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

**3. Revenue Recognition**

For financial reporting, the corporation recognizes all contributed support as income in the period received. Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are classified in unrestricted net assets and reported in the statement of activities as "net assets released from restrictions".

Grant revenue is recognized as it is earned in accordance with approved contracts.

**4. Receivables**

The corporation considers accounts receivable to be fully collectible since the balance consists primarily of payments due under government contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made.

FOREVER OUR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2003

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**3. Property and Equipment**

Forever Our Children, Inc. records property acquisitions at cost. Donated assets are recorded at estimated value at date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

It is the policy of the corporation to capitalize all property, fixtures, and equipment with an acquisition cost in excess of \$1,000.

**4. Estimates**

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

**5. Cash Equivalents**

For purposes of the statement of cash flows, the corporation considers all investments with original maturities of three months or less to be cash equivalents.

**6. Fair Values of Financial Investments**

Cash and cash equivalents carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of these investments.

**7. Minorities Only - Total Columns**

Total columns are captioned "Minorities Only" to indicate that they are presented only to assist with financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**NOTE B - GRANT RECEIVABLE**

Grant receivable at June 30, 2003 consists of the following:

State of Louisiana - Department of Economic Development      \$ 11,500



FOREVER OUR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2003

**NOTE C - NOTE PAYABLE - BANK**

The note payable - bank at June 30, 2003 consists of the following:

Unsecured \$15,000 revolving line-of-credit with an interest rate of 3%	<b>\$ 3,000</b>
--	-----------------

Interest paid for the year ended June 30, 2003 totaled \$1,012.

**NOTE D - COMMITMENT**

The Corporation leases property under a one year operating lease expiring June 30, 2005. The total expense for the year ended June 30, 2003 totaled \$20,700.

**NOTE E - SUMMARY OF FUNDING**

Forever Our Children, Inc.'s funding for grants and contracts consist of the following:

Grants	Fiscal	Grant Award	Revenue Recognized
State of Louisiana - Department of Economic Development	7/000-6/0000	\$ 200,000	\$ 200,000
State of Louisiana - Governor's Office of Urban Affairs and Development	7/000-6/0000	198,800	198,800
			<b>\$ 398,800</b>

**NOTE F - INCOME TAXES**

The corporation is exempt from corporate income taxes under Section 501(c)(2) of the Internal Revenue Code.

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

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

**FOREVER OUR CHILDREN, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2003**

**NOTE B - ECONOMIC DEPENDENCY**

Forever Our Children, Inc. received the majority of its revenue from funds provided through grants administered by the State of Louisiana Department of Economic Development and the Governor's Office of Urban Affairs and Development. The grant amounts are appropriated each year by the state government. If significant budget cuts are made at the state level, the amount of the funds the corporation receives could be reduced significantly and have an adverse impact on its operations. At the time of completion of the examination of the corporation's financial statements, management was not aware of any actions taken that would adversely affect the amount of funds the corporation will receive in the next fiscal year.

The corporation's support through state grants totaled \$854 for the year ended June 30, 2003.

**SUPPLEMENTAL INFORMATION**

**FORNEX OIL CHEMICALS, INC.**  
**COMBINED STATEMENT OF ACTIVITIES**

For the year ended June 30, 1965

	Lundberg-Nordens Petroleum Division					
	Government's Office of Oil and Development	State of Louisiana Department of Economic Development	Grant # 211 Leasehold	Grant # 513 Reconstruction	Grant # 512 Rebuilding	Total
<b>REVENUES</b>						
Grant expenditures	\$ 1,145,000	\$ 200,000	\$ -	\$ -	\$ -	\$ 1,345,000
Net income	800	150	15	-	9	1,014
Other income	2,224	-	-	-	-	2,224
Total revenues	\$ 1,147,024	\$ 200,150	\$ 15	\$ -	\$ 9	\$ 1,347,398
<b>EXPENSES</b>						
Salaries	65,000	75,000	15,000	5,000	2,700	162,700
fringe benefits	9,116	5,600	2,074	878	1,000	19,668
Taxes	4,500	-	-	-	-	4,500
Occupancy expense	13,000	-	-	-	-	13,000
Contract services	75,504	80,000	2,000	-	3,000	160,504
Program activities	-	14,500	-	-	-	14,500
Supplies	15,000	21,000	18,000	-	850	54,850
Telephone	3,000	-	-	-	-	3,000
Printing	275	-	18,000	-	-	18,275
Depreciation expense	14,000	-	1,000	2,200	12	17,212
Other	500	48	2,500	800	20,000	24,248
Total expenses	\$ 185,885	\$ 200,552	\$ 78,574	\$ 8,878	\$ 29,712	\$ 493,597
Income (decrease) at year	1,061	185	1,061	684	2,773	5,865
Transfers to (from) period	-	-	-	-	-	-
Net assets, beginning of year	-	-	-	-	-	-
Net assets, end of year	\$ 1,061	\$ 185	\$ 1,061	\$ 684	\$ 2,773	\$ 5,865

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CERTIFIED PUBLIC ACCOUNTANT  
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Forever Our Children, Inc.

I have audited the financial statements of Forever Our Children, Inc. as of and for the year ended June 30, 2005, and have issued my report thereon dated October 23, 2005. I conducted my 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.

**Compliance**

As part of obtaining reasonable assurance about whether Forever Our Children, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Forever Our Children, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters relating to any situation relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Forever Our Children, Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2005-1, 2005-2, 2005-3 and 2005-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in accounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the audit committee, management and others within the organization, the Louisiana Legislative Auditor, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



New Orleans, Louisiana  
October 18, 2003

**FOREVER OUR CHILDREN, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**June 30, 2011**

**A. FINDINGS – FINANCIAL STATEMENTS**

**Reportable Condition**

**2010-1 Segregation of Duties**

**Condition:** Except for maintaining the general ledger and reconciling the bank accounts, the administrator is responsible for all key accounting functions. This condition is a direct result of a limited staff.

**Criteria:** The accounting functions should be performed by a few individuals to assure a proper segregation of duties.

**Effect:** The organization is unable to assure that its assets are properly safeguarded.

**Questioned Costs:** Not applicable.

**Recommendation:** The board of directors should be involved in the review of monthly financial statements and be involved in key decisions.

**Response:** See Corrective Action Plan.

**2010-2 Cash**

**Condition:** Cash accounts are not reconciled to the general ledger. The reconciled balances are not in agreement with the general ledger.

**Criteria:** The cash accounts should be reconciled to a complete and accurate general ledger monthly.

**Effect:** The assets are not properly safeguarded, and the financial statements are not accurate.

**Questioned Costs:** Not applicable.

**Recommendation:** The cash accounts should be reconciled to a complete and accurate general ledger monthly.

**Response:** See Corrective Action Plan.

**FOREVER OUR CHILDREN, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

**June 30, 2010**

**A. FINDINGS - FINANCIAL AUDITS - CONTINUED**

**2010-3 Payroll Tax Returns and Deposits**

**Condition:** The payroll tax returns and deposits were not filed in accordance with federal and state regulations.

**Criteria:** Payroll tax returns and deposits should be filed in accordance with the rules and regulations established by regulatory agencies.

**Effect:** The corporation may be subject to interest and penalties.

**Questioned Costs:** Not applicable.

**Recommendation:** All payroll tax returns and deposits should be filed in accordance with federal and state regulations.

**Response:** See Corrective Action Plan.

**2010-4 Prior Year Audit Adjustments**

**Condition:** Prior year audit adjustments were not recorded on the general ledger.

**Criteria:** Audit adjustments must be recorded on the general ledger to ensure the accuracy of the financial statements.

**Effect:** Accurate financial statements are necessary for management to make informed financial decisions.

**Questioned Costs:** Not applicable.

**Recommendation:** Audit adjustments must be recorded on the general ledger in order to issue complete and accurate financial decisions.

**Response:** See Corrective Action Plan.



**FORSTER OUR CHILDREN, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

**June 30, 2003**

**B. STATUS OF PRIOR YEAR AUDIT FINDINGS**

The status of the prior year audit findings are as follows:

	<u>Resolved</u>	<u>Unresolved</u>
1. Financial statements	X	

# Forward Our Children, Inc.

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Fax: (504) 947-9808  
[www.forwardourchildren.org](http://www.forwardourchildren.org)



GERALYN M. LABBE, MSW  
Executive Director

November 21, 2003

Justin Scamler, CPA  
4739 St. Roch Avenue  
New Orleans, LA 70112

Gentlemen:

Response to Audit Findings:

MLC 03-01 - Segregation of Duties

It is the intent of Management to keep our Board of Directors apprised of the corporation's financial condition at quarterly board meetings. The Board will be advised that financial information is available on a monthly basis for any member to review.

MC 03-02 - Cash

Management will ensure that cash accounts are reconciled to a complete and accurate general ledger monthly.

MC 03-03 - Payroll Tax Returns and Deposits

Management will ensure that all payroll tax returns & deposits are filed according to State and Federal regulations.

MC 03-04 - Prior Year Audit Adjustments

Management will ensure that all audit adjustments are recorded on the general ledger.

If you need further information, please do not hesitate to contact us.

Sincerely,

GERALYN M. LABBE, MSW, GSW  
Executive Director