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REGINA COELI CHILD DEVELOPMENT CENTER  
FIN: 72-0680604

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT WITH  
SUPPLEMENTAL INFORMATION

May 31, 2001

Under provisions of state law, this report is a public document. A copy of the report has been furnished 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 10/17/01

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# Smith, Huval & Associates, L.L.C.

(A LIMITED LIABILITY COMPANY)

*Certified Public Accountants*

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Regina Coeli Child Development Center  
Covington, Louisiana

We have audited the accompanying statement of financial position of Regina Coeli Child Development Center (a nonprofit corporation), as of May 31, 2001, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Regina Coeli Child Development Center's management. Our responsibility is to express an opinion on these financial statements based on our audit and the standards applicable to financial statement audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

We conducted our audit in accordance with generally accepted auditing standards. Those standards and OMB Circular A-133 require that we 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Regina Coeli Child Development Center as of May 31, 2001, and the results of its operations, changes in net assets and cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated August 6, 2001, on our consideration of Regina Coeli Child Development Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Board of Directors  
Regina Coeli Child Development Center

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Regina Coeli Child Development Center taken as a whole. The accompanying schedule of federal awards by CFDA number and other financial assistance and the financial status report, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. These schedules have been prepared in compliance with the requirements of various funding sources, which is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," 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 our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

August 6, 2001

*Smith, Hural & Associates, L.L.C.*

Regina Coeli Child Development Center  
STATEMENT OF FINANCIAL POSITION

May 31, 2001

ASSETS

Cash	\$ 72,474
Certificates of deposit	14,513
Grants receivable	635,020
Other receivable	3,797
Inventory	1,712
Land	347,624
Buildings	4,869,724
Vehicles	987,369
Equipment	550,760
Leasehold improvements	713,586
Construction in progress	404,310
Less accumulated depreciation and amortization	<u>(2,108,203)</u>
 Total assets	 <u>\$ 6,492,686</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 283,617
Raffle prize payable	14,514
Accrued payroll expenses	468,576
Notes payable	<u>2,977,417</u>
 Total liabilities	 3,744,124
 Net assets - restricted	 <u>2,748,562</u>
 Total liabilities and net assets	 <u>\$ 6,492,686</u>

The accompanying notes are an integral part of this statement.

Regina Coeli Child Development Center

STATEMENT OF ACTIVITIES

For the Year Ended May 31, 2001

	<u>Restricted</u>
Revenues	
Grants	\$ 9,581,003
Cash contributions	97,513
Goods and services contributed	1,474,684
Other income	<u>6,196</u>
Total revenues	11,159,396
Expenses	
Personnel	6,090,556
Fringe benefits	1,055,289
Depreciation and amortization	303,276
Food costs	354,748
Utilities	299,982
Repairs and maintenance	173,159
Other	130,797
Space rental	157,560
Training	95,047
Interest expense	176,660
Educational supplies	162,625
Insurance	94,088
Travel	209,515
Other supplies	192,229
Consultants	81,125
Goods and services contributed	<u>1,474,684</u>
Total expenses	11,051,340
Increase in net assets	108,056
Net assets - beginning	<u>2,640,506</u>
Net assets - ending	<u>\$ 2,748,562</u>

The accompanying notes are an integral part of this statement.

Regina Coeli Child Development Center

STATEMENT OF CASH FLOWS

For the Year Ended May 31, 2001

Cash flows from operating activities:	
Increase in net assets	\$ 108,056
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	303,276
Increase in grants receivable	(277,671)
Decrease in other receivables	3,968
Decrease in inventory	1,383
Increase in accounts payable	268,090
Increase in accrued expenses	<u>91,668</u>
Total adjustments	<u>390,714</u>
Net cash provided by operating activities	<u>498,770</u>
Cash flows used by investing activities:	
Purchase of fixed assets and construction of facilities	<u>(769,685)</u>
Net cash used by investing activities	(769,685)
Cash flows from financing activities:	
Proceeds from notes payable	765,913
Payments on notes payable	<u>(476,808)</u>
Net cash provided by financing activities	289,105
NET INCREASE IN CASH AND CASH EQUIVALENTS	18,190
Cash and cash equivalents, beginning of year	<u>54,284</u>
Cash and cash equivalents, end of year	<u>\$ 72,474</u>

The accompanying notes are an integral part of this statement.



Regina Coeli Child Development Center

NOTES TO FINANCIAL STATEMENTS

May 31, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. History of Organization

Regina Coeli Child Development Center is a non-profit corporation that operates Head Start programs in Southeast Louisiana. The organization has been in existence since 1969. It operates thirteen centers, including both Head Start and Early Head Start programs, in the five parishes of Livingston, St. Helena, St. Tammany, Tangipahoa, and Washington. During the current year, the organization provided service to 1,795 children and families. The goal of the Regina Coeli organization is to improve the educational and economical opportunity of those it serves.

2. Presentation of Financial Statements

Regina Coeli Child Development Center has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statement of Not-for-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Organization is required to present a statement of cash flows. The Organization has discontinued its use of fund accounting and, accordingly, has reclassified its financial statements to present the three classes of net assets. This reclassification had no effect on the change in net assets for the year ended May 31, 2001.

The Organization also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made," whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and/or nature of any donor restrictions. The adoption had no cumulative effect on net assets at the date of the adoption. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor imposed time or purpose restrictions.

SFAS 116 requires that in-kind contributions be recorded at their fair market value and accounted for as revenue when received and as an asset, reduction in a liability or an expense depending on the form of the benefits received. Contributions of services are to be recognized if the services received either (1) enhance a non-financial asset or (2) require specialized skills and would need to be purchased if not provided by donation.



Regina Coeli Child Development Center

NOTES TO FINANCIAL STATEMENTS

May 31, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Presentation of Financial Statements - Continued

The following is a recap of cash and in-kind contributions recognized in the year ended May 31, 2001:

Cash	\$ 80,668
Rental of facilities	54,730
Purchase of facilities	265,067
Supplies	357,558
Pupil and staff transportation	211,148
Services	<u>586,181</u>
	<u>\$1,555,352</u>

Services valued at \$817,597 did not meet the criteria of SFAS 116 and were not recognized.

3. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of Regina Coeli Child Development Center are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

4. Grant Control/Support

The Full Year Head Start funds from the Department of Health and Human Services are recognized as revenue based on the programs approved grant award. The Child Care Food Program revenue is based on a predetermined reimbursement rate for the number of meals served.

The Organization is required to ensure that expenditures under the various grants and reimbursement programs comply with the related grant or program guidelines for allowable costs. The funding agencies for these programs could require the return of expenditures that do not meet their guidelines.

5. Grant and Reimbursement Contract Revenues

Funds due from various funding sources under grants and reimbursement contracts are recognized as revenues in the accounting period when the expenses are incurred and the grant funds are earned.

Regina Coeli Child Development Center  
NOTES TO FINANCIAL STATEMENTS

May 31, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. 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.

7. Concentration

Over 70% of the Organization's funds are derived from grants from the U.S. Department of Health and Human Services. Any loss of such funding could cause a severe financial impact on the Organization's operations.

NOTE B - GRANTS RECEIVABLE

The balance of grants receivable consists of the following:

Federal grants	
Head Start Program	\$ 333,778
Early Head Start Program	47,958
Child Care Food Program	236,285
Children's Trust Fund	<u>17,000</u>
	<u>\$ 635,020</u>

NOTE C - INVENTORY

Inventory consists of USDA commodities and food used in the Child Care Food Program. Inventory is accounted for on a lower of cost or market (first in, first out) basis.

NOTE D - INCOME TAXES

The Organization is exempt from federal and state corporate income taxes under section 501 (c) (3) of the Internal Revenue Code.

Regina Coeli Child Development Center

NOTES TO FINANCIAL STATEMENTS

May 31, 2001

NOTE E - STATEMENT OF CASH FLOWS

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash paid for interest during the year was \$176,660, of which \$16,860 was capitalized for construction period interest.

NOTE F - FIXED ASSETS

All assets purchased having a cost or estimated fair value equal to or greater than \$5,000 are capitalized and depreciated.

Buildings, vehicles, equipment, and furniture are stated at cost at date of acquisition or fair value at date of donation in the case of gifts. Depreciation of all exhaustible fixed assets is charged as an expense. Depreciation has been provided using the straight-line method. The estimated lives are as follows:

Buildings	30 years
Vehicles	10 years
Equipment	10 years
Furniture	10 years

Leasehold improvements are stated at cost at date of acquisition or fair market value at date of donation in the case of gifts. Amortization of the leasehold improvements is charged as an expense. Amortization has been provided using the straight-line method over the remaining lease term.

NOTE G - PENSION PLAN

The Organization provides a profit sharing plan for all employees who are over 18 years of age and have at least one year of service. The plan has a five-year vesting schedule as follows:

<u>Year</u>	<u>Percent</u>
0 to less than 2	0
2	25%
3	50%
4	75%
5	100%

Regina Coeli Child Development Center  
NOTES TO FINANCIAL STATEMENTS

May 31, 2001

NOTE G - PENSION PLAN - Continued

The plan uses semi-annual enrollment dates. Employees are enrolled as active participants on the first day of each plan year or the first day of the seventh month in each plan year. The plan year end is December 31. A member automatically becomes fully vested when he dies, incurs total disability or reaches early retirement or normal retirement age. In order for an employee to share in any plan year's employer contribution, he must have completed at least 1,000 hours during the year, and must be employed on the last day of the plan year. The employer contribution amount is determined at the discretion of the employer. In the current year, \$143,410 was contributed to the plan for the benefit of the plan participants employed by the Organization.

The Organization sponsors an employee savings plan under Section 403 (b) of the Internal Revenue Code. All full-time employees are eligible to participate in the plan. All contributions to the plan are made by employees.

NOTE H - NOTES PAYABLE

A summary of notes payable for purchase of Head Start facilities and transportation equipment is as follows:

9% Mortgage payable to a bank, secured by real estate, due in monthly installments of \$705 through May, 2004	\$ 21,971
8.25% Mortgage payable to a bank, secured by real estate, due in monthly installments of \$3,005 through April 2004	95,392
8.2% Mortgage payable to a bank, secured by real estate, due in monthly installments of \$1,284 through May, 2018	122,712
8.5% Mortgage payable to a bank, secured by real estate, due in monthly installments of \$3,940 through May 5, 2005	157,918

Regina Coeli Child Development Center  
 NOTES TO FINANCIAL STATEMENTS

May 31, 2001

NOTE H - NOTES PAYABLE - Continued

5.875% Mortgage payable to U.S.D.A. Rural Economic & Community Development, secured by real estate, due in monthly installments of \$1,776 through August, 2026 and one payment of approximately \$414 due in September, 2026	280,193
8.25% Mortgage payable to a bank, secured by real estate, due in monthly installments of \$1,190 through August, 2004 and one payment of approximately \$415 September, 2004	41,266
4.875% Mortgage payable to U.S.D.A. Rural Economic and Community Development, secured by real estate, due in monthly installments of \$3,933 through October 2027	698,848
8.8% Promissory note payable to a bank, secured by transportation equipment, due in monthly installments of \$1,588 maturing in September, 2006.	80,310
8.0% Mortgage payable to a bank, secured by real estate, due in monthly installments of \$611 through July, 2004.	39,413
8.0% Mortgage payable to a bank, 90% guaranteed by the U.S. Rural Economic and Community Development Office, secured by real estate, payable in monthly installments of \$6,086 including interest through August, 2019	673,480
8.5% Mortgage payable to a bank, secured by real estate, due in monthly installments of \$2,710 through May 2006. One final payment of \$223,794 due June 2006.	275,181
8.6% Construction loan payable to a bank, monthly payments of interest only until completion of facility.	<u>490,733</u>
Total	<u>\$2,977,417</u>



Regina Coeli Child Development Center  
 NOTES TO FINANCIAL STATEMENTS

May 31, 2001

NOTE H - NOTES PAYABLE - Continued

Principal payments required in future years as of May 31, 2001 are as follows:

2002	\$ 147,762
2003	160,248
2004	174,319
2005	134,176
2006	310,782
Thereafter	1,559,397
Current principal, interest only construction loan	<u>490,733</u>
 Total	 <u>\$2,977,417</u>

NOTE I - OPERATING LEASES

The Organization has commitments on four lease agreements for space rental at May 31, 2001, as follows:

<u>Locations In Louisiana</u>	<u>Lease Term</u>	<u>Monthly Payments</u>
Administration building, Covington	10 years	\$2,030
Bogalusa Head Start	8 years	2,000
Central Tangipahoa Head Start, Independence	15 years	2,000
Lacombe-Mandeville Head Start	15 years	4,800



Regina Coeli Child Development Center  
NOTES TO FINANCIAL STATEMENTS

May 31, 2001

NOTE I - OPERATING LEASES - Continued

The related future minimum lease payments as of May 31, 2001, are as follows:

	May 31, 2002	\$ 129,960
	2003	117,780
	2004	105,600
	2005	105,600
	2006	105,600
	Thereafter	<u>125,200</u>
Future minimum lease payments		<u>\$ 689,740</u>

The lease expense included in the accompanying financial statements is \$157,560 for the year ended May 31, 2001.

NOTE J - COMMODITY FOOD

The Organization received commodity food from the State of Louisiana Department of Agriculture and Forestry Food Distribution Division for use in the Head Start Program in prior years. Regina Coeli now receives cash in lieu of commodities from the Child Care Food Program. For the year ended May 31, 2001, usage of the remaining commodity food was as follows:

Beginning Balance Commodities	1,524
Beginning Balance Other Food Inventory	1,571
Commodities received	0
Commodities used	<u>1,320</u>
Unused commodities at May 31, 2001	204
Other food inventory	<u>1,508</u>
Total inventory	<u>\$ 1,712</u>

Regina Coeli Child Development Center

NOTES TO FINANCIAL STATEMENTS

May 31, 2001

NOTE K - NONFEDERAL SHARE

Federal financial assistance granted for the organization's Head Start program shall not exceed 80 percent of the total costs of the program. Minimum requirements for this nonfederal share are based upon total federal expenditures.

For the Program year ended May 31, 2001, the federal expenditures and the nonfederal share for the Head Start Program, both cash and in-kind contributions, are as follows:

	<u>Federal Expenditures</u>	<u>Nonfederal Share Required</u>	<u>Nonfederal Share Received</u>
Full-Year, Part-Day (CAN Nos. 21064122 and 21066002)			
Head Start	\$7,930,626	\$1,982,657	\$2,224,054
Early Head Start	<u>686,556</u>	<u>171,639</u>	<u>129,208</u>
	<u>\$8,617,182</u>	<u>\$2,154,296</u>	<u>\$2,353,262</u>

Nonfederal in-kind contributions received during the year are recorded in the accompanying financial statements as revenues and expenses to the extent that they meet the criteria of SFAS 116 (see Note A 2). All in-kind contributions are included as revenues and expenses in the supplemental schedules attached to these statements. In-kind contributions are based on estimated values as determined by the funding source and fair market values of materials or services donated.

For the year ended May 31, 2001, the Early Head Start federal assistance share exceeded 80 percent of the total costs for the program. This is allowable as grantees of the Early Head Start program may provide the required nonfederal share in disproportionate annual amounts, as long as the 80 percent requirement is fulfilled by the end of the 5 year grant period.

NOTE L - RESTRICTED NET ASSETS

All assets acquired with Department of Health and Human Services funds are owned by Regina Coeli Child Development Center while used in the Head Start program for which they were purchased. The Department of Health and Human Services, however, has a reversionary interest in the assets purchased with grant funds which includes all assets reported as fixed assets. Therefore, the disposition of these assets as well as the ownership of any sale proceeds therefrom, is subject to the funding source requirements of the Department of Health and Human Services. Also, a cash account with a balance of \$38,591 at May 31, 2001 is reserved in connection with the Organization's borrowings from the U.S. Department of Agriculture.

Regina Coeli Child Development Center  
NOTES TO FINANCIAL STATEMENTS

May 31, 2001

NOTE M - CONTINGENCY

On January 30, 1998, the Organization executed a cooperative endeavor agreement with the Louisiana Board of Trustees for State Colleges and Universities. Pursuant to the agreement, the organization receives the use of land for its center located on the campus of Southeastern Louisiana University at no cost for a term of fifteen years. At termination of agreement or upon default of the organization, the buildings at that location would have to be relocated.

NOTE N - INSURANCE

As of May 31, 2001 the Organization has the following insurance coverage:

<u>Insurer</u>	<u>Policy Expiration</u>	<u>Amount of Date</u>	<u>Type of Coverage</u>
TIG Insurance	6/01	\$1,000,000 1,000,000 1,000,000	Business Auto Bodily Injury Uninsured Hired/Non Owned
TIG Insurance	6/01	3,000,000 1,000,000 1,000,000 100,000 5,000	General Liability Aggregate Personal/advertising Each occurrence Fire damage Medical expense
TIG Insurance	6/01	5,923,500 1,415,000 275,000	Buildings Contents Improvements
American Reliable Ins., Co.	4/02	269,500	Hammond HS flood
Executive Risk Indemnity, Inc.	11/01	1,000,000	Directors and officers liability

Regina Coeli Child Development Center  
 NOTES TO FINANCIAL STATEMENTS

May 31, 2001

NOTE N - INSURANCE - Continued

<u>Insurer</u>	<u>Policy Expiration Date</u>	<u>Amount of Coverage</u>	<u>Type of Coverage</u>
Fidelity and Deposit Co. Of Maryland	9/01	300,000	Employee dishonesty
ITT Hartford Insurance Group	9/01	2,000 10,000 10,000 1,000 35,000	Student Accident Acc. Death Acc. Dismemberment Acc. Medical Acc. Dental Catastrophe
Fidelity & Dep. Co. of Maryland	6/01	50,000	Emp. Retirement Bond

NOTE O - COMMITMENTS

The Organization executed a contract totaling \$1,037,960 for the construction of a building during the current year. As of May 31, 2001, they had made payments of \$145,160 under the terms of the contract, leaving a balance of \$892,800.

**SUPPLEMENTAL INFORMATION**

Regina Coeli Child Development Center

SCHEDULE OF FEDERAL AWARDS BY CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBER AND OTHER FINANCIAL ASSISTANCE

For the Year Ended May 31, 2001

	Department of Health & Human Services													
	Department of Agriculture		Head Start Programs						Childrens Trust Fund		Wrap Around Child Care Program			
	10.550	10.558	Grant#06CH6007/31	93.600	Grant#06YCO536/02	93.672	93.600	93.672	93.596	93.596				
	Commodity Food Program	Child Care Food Program	Sub-Total	Sub-Total	Sub-Total	Childrens Trust Fund	Sub-Total	Childrens Trust Fund	Child Care Program	Child Care Program	Total Federal Programs	Other Financial Assistance	Plant Fund	Total All Funds
<b>Revenues</b>														
Grants	\$	793,572	\$ 7,815,944	\$ 114,682	\$ 7,930,626	\$ 686,556	\$ 7,930,626	\$ 25,000	\$ 44,793	\$ 44,793	\$ 9,480,547	\$ 100,456	\$	\$ 9,581,003
Cash contributions		156	52,217	52,217	8,765	8,765	8,765				61,138	42,571		103,709
In kind contributions			2,171,837	2,171,837	120,443	120,443	120,443				2,292,280			2,292,280
Total revenues		793,728	10,039,998	114,682	10,154,680	815,764	10,154,680	25,000	44,793	44,793	11,833,965	143,027	-	11,976,992
<b>Expenses</b>														
Personnel		471,601	4,974,183	21,880	4,996,063	486,175	4,996,063	21,543	44,793	44,793	6,020,175	70,381		6,090,556
Fringe benefits		81,641	858,913	5,263	864,176	75,930	864,176	3,457			1,025,204	30,085		1,055,289
Depreciation		108,381	225,027	-	225,027	1,063	225,027				334,471	-	303,276	303,276
Food costs			116,555	5,729	122,284	5,757	122,284				128,041	2,756	18,957	353,428
Other		91,033	518,280	-	518,280	21,388	518,280				630,701	-		130,797
Occupancy		1,947	-	81,810	81,810	10,302	81,810				94,059	988		630,701
Training			-	-	-	-	-				-	-		95,047
Interest expense		43	141,070	-	141,070	20,808	141,070				161,921	704	176,660	176,660
Educational supplies			89,545	89,545	4,543	4,543	89,545				94,088	-		162,625
Insurance		3,947	184,819	184,819	20,749	20,749	184,819				209,515	-		94,088
Travel		35,135	151,492	151,492	5,602	5,602	151,492				192,229	-		209,515
Other supplies			78,740	78,740	85	85	78,740				78,825	2,300		192,229
Consultants			-	-	-	-	-				1,320	-		81,125
Commodity distribution	1,320										1,320	-		1,320
In kind expenditures			2,171,837	2,171,837	120,443	120,443	2,171,837				2,292,280	-		2,292,280
Total expenses	1,320	793,728	9,510,461	114,682	9,625,143	772,845	9,625,143	25,000	44,793	44,793	11,262,829	107,214	498,893	11,868,936
Excess (deficiency) of revenues over expenditures	(1,320)	-	529,537	-	529,537	42,919	529,537	-	-	-	571,136	35,813	(498,893)	108,056
Transfers to plant fund - net	-	-	(529,537)	-	(529,537)	(42,919)	(529,537)	-	-	-	(572,456)	-	572,456	-
Fund balances - beginning	1,524	-	-	-	-	-	-	-	-	-	1,524	28,493	2,610,489	2,640,506
Fund balances - ending	204	-	-	-	-	-	-	-	-	-	204	64,306	2,684,052	2,748,562



**FINANCIAL STATUS REPORT  
(Long Form)**

*(Follow instructions on the back)*

1. Federal Agency and Organizational Element to Which Report is Submitted <b>HHS/ACF</b>		2. Federal Grant or Other Identifying Number Assigned By Federal Agency <b>06CH6007/31</b>		OMB Approval No. <b>0348-0039</b>	Page of <b>1</b> pages
3. Recipient Organization (Name and complete address, including ZIP code) <b>Regina Coeli Child Development Center 832 E. Boston Street, Unit 10 Covington, LA 70433</b>					
4. Employer Identification Number <b>72-0680604</b>		5. Recipient Account Number or Identifying Number		6. Final Report <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
7. Basis <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual					
8. Funding/Grant Period (See instructions) From: (Month, Day, Year) <b>June 1, 2000</b>		To: (Month, Day, Year) <b>May 31, 2001</b>		9. Period Covered by this Report From: (Month, Day, Year) <b>December 1, 2000</b>	
				To: (Month, Day, Year) <b>May 31, 2001</b>	
10. Transactions:					
		I Previously Reported	I This Period	III Cumulative	
a. Total outlays		4,146,331	6,107,971	10,254,302	
b. Refunds, rebates, etc.		0	0	0	
c. Program income used in accordance with the deduction alternative		76,358	24,108	100,466	
d. Net outlays (Line a, less the sum of lines b and c)		4,069,973	6,083,863	10,153,836	
Recipient's share of net outlays, consisting of:					
e. Third party (in-kind) contributions		500,092	1,723,118	2,223,210	
f. Other Federal awards authorized to be used to match this award		0	0	0	
g. Program income used in accordance with the matching or cost sharing alternative		0	0	0	
h. All other recipient outlays not shown on lines e, f or g		0	0	0	
i. Total recipient share of net outlays (Sum of lines e, f, g and h)		500,092	1,723,118	2,223,210	
j. Federal share of net outlays (line d less line i)		3,569,881	4,360,745	7,930,626	
k. Total unliquidated obligations				0	
l. Recipient's share of unliquidated obligations				0	
m. Federal share of unliquidated obligations				0	
n. Total Federal share (sum of lines j and m)				7,930,626	
o. Total Federal funds authorized for this funding period				7,930,626	
p. Unobligated balance of Federal funds (Line o minus line n)				0	
Program Income, consisting of:					
q. Disbursed program income shown on lines c and/or g above				100,466	
r. Disbursed program income using the addition alternative				100,466	
s. Undisbursed program income				0	
t. Total program income realized (Sum of lines q, r and s)				0	
11. Indirect Expense					
a. Type of Rate (Place "X" in appropriate box)					
<input type="checkbox"/> Provisional <input type="checkbox"/> Predetermined <input type="checkbox"/> Final <input type="checkbox"/> Fixed					
b. Rate		c. Base		d. Total Amount	
				e. Federal Share	
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation. T&TA = \$114,682      USDA/CCFP = \$738,217 Administrative Cost = \$1,525,035					
13. Certification: I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents.					
Typed or Printed Name and Title <b>Judith W. Loyde, Executive Director</b>				Telephone (Area code, number and extension) <b>(985) 892-1204</b>	
Signature of Authorized Certifying Official <i>Judith W. Loyde</i>				Date Report Submitted <b>9/27/01</b>	



FINANCIAL STATUS REPORT  
(Long Form)

(Follow instructions on the back)

1. Federal Agency and Organizational Element to Which Report is Submitted HHS/ACF		2. Federal Grant or Other Identifying Number Assigned By Federal Agency 06XG0586/03		OMB Approval No. 0348-0039	Page of 1   1 pages
3. Recipient Organization (Name and complete address, including ZIP code) Regina Coeli Child Development Center 832 E. Boston Street, Unit 10 Covington, LA 70433					
4. Employer Identification Number 72-0680604		5. Recipient Account Number or Identifying Number		6. Final Report <input checked="checked" type="checkbox"/> Yes <input type="checkbox"/> No	7. Basis <input type="checkbox"/> Cash <input checked="checked" type="checkbox"/> Accrual
8. Funding/Grant Period (See instructions) From: (Month, Day, Year) June 1, 2000		9. Period Covered by this Report From: (Month, Day, Year) December 1, 2000		To: (Month, Day, Year) May 31, 2001	
10. Transactions:					
	I		I		III
	Previously Reported		This Period		Cumulative
a. Total outlays	344,514		471,250		815,764
b. Refunds, rebates, etc.	0		0		0
c. Program income used in accordance with the deduction alternative	0		0		0
d. Net outlays (Line a, less the sum of lines b and c)	344,514		471,250		815,764
Recipient's share of net outlays, consisting of:					
e. Third party (in-kind) contributions	51,021		78,187		129,208
f. Other Federal awards authorized to be used to match this award	0		0		0
g. Program income used in accordance with the matching or cost sharing alternative	0		0		0
h. All other recipient outlays not shown on lines e, f or g	0		0		0
i. Total recipient share of net outlays (Sum of lines e, f, g and h)	51,021		78,187		129,208
j. Federal share of net outlays (line d less line i)	293,493		393,063		686,556
k. Total unliquidated obligations					0
l. Recipient's share of unliquidated obligations					0
m. Federal share of unliquidated obligations					0
n. Total Federal share (sum of lines j and m)					686,556
o. Total Federal funds authorized for this funding period					686,556
p. Unobligated balance of Federal funds (Line o minus line n)					0
Program income, consisting of:					
q. Disbursed program income shown on lines c and/or g above					0
r. Disbursed program income using the addition alternative					0
s. Undisbursed program income					0
t. Total program income realized (Sum of lines q, r and s)					0
11. Indirect Expense					
a. Type of Rate (Place "X" in appropriate box) <input type="checkbox"/> Provisional <input type="checkbox"/> Predetermined <input type="checkbox"/> Final <input type="checkbox"/> Fixed					
b. Rate		c. Base		d. Total Amount	e. Federal Share
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation. Administrative Costs=\$121,447      USDA/CCFP = \$29,263 T&TA=\$6,262					
13. Certification: I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents.					
Typed or Printed Name and Title Judith W. Loyde, Executive Director				Telephone (Area code, number and extension) (985)892-1204	
Signature of Authorized Certifying Official <i>Judith W. Loyde</i>				Date Report Submitted 9/27/01	

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended May 31, 2001

Federal Grantor	CFDA Number	Grant Period	Grant Contract or Award Number	Total Grant Award	(Accrued) Deferred Revenues 5-31-00	Cash and Commodities Received	Revenues Recognized	Expenditures	(Accrued) Deferred Revenues 5-31-01
U.S. Department of Agriculture Child Care Food Program (Passed through the Louisiana Department of Agriculture)	10.558	6/1/00 to 5/31/01	N/A	\$ 767,324	\$ (213,921)	744,960	767,324	767,234	\$ (236,285)
Commodity Distribution - Noncash (Passed through the Louisiana Department of Agriculture and Forestry - Food Distribution Division)	10.550	6/1/00 to 5/31/01	N/A	-	-	-	1,320	-	-
U.S. Department of Health and Human Services Head Start - Major Program Early Head Start - Major Program	93.600 93.600	6/1/00 to 5/31/01 6/1/00 to 5/31/01	06CH6007/30 06YC0536/02	7,930,626 686,556	(82,253) (32,919)	7,679,101 671,517	7,930,626 686,556	7,930,626 686,556	(333,778) (47,958)
Mandatory and Matching Funds of the Child Care and Development Fund (Passed through the Louisiana Department of Social Services)	93.558	6/1/00 to 5/31/01	519946	-	-	44,793	44,793	44,793	-
<b>Total Federal Grants</b>				<b>\$ 9,384,506</b>	<b>\$ (329,093)</b>	<b>\$ 9,140,371</b>	<b>\$ 9,429,299</b>	<b>\$ 9,430,529</b>	<b>\$ (618,021)</b>

Regina Coeli Child Development Center

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

May 31, 2001

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the Organization's federal award programs presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

NOTE B - COMMUNITY FACILITIES LOANS

At May 31, 2001, Regina Coeli Child Development Center had loans outstanding to the U.S. Department of Agriculture as follows.

Livingston Center	\$ 698,848
Family Service Center	<u>280,193</u>
	<u>\$ 979,041</u>

The above loans are not included in the Schedule of Expenditures of Federal Awards because there are no related compliance requirements other than timely payment.



# Smith, Huval & Associates, L.L.C.

(A LIMITED LIABILITY COMPANY)

*Certified Public Accountants*

P.O. Box 3790

Covington, Louisiana 70434-3790

Samuel K. Smith, CPA  
Patrick "Bryan" Huval, CPA

(985) 892-6633 - Covington  
(985) 892-4666 - FAX

## 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  
Regina Coeli Child Development Center  
Covington, Louisiana

We have audited the financial statements of Regina Coeli Child Development Center (a nonprofit organization) as of and for the year ended May 31, 2001 and have issued our report thereon dated August 6, 2001. We conducted our audit in accordance with generally accepted auditing standards 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 Regina Coeli Child Development Center's financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our 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 our audit, we considered Regina Coeli Child Development Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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 amounts 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Page 2

This report is intended solely for the information of the finance committee, management, and federal awarding agencies and pass-through entities and is not intended and should not be used by any other than those specified parties.

*Smith, Hawal & Associates, L.L.C.*

August 6, 2001



# Smith, Huval & Associates, L.L.C.

(A LIMITED LIABILITY COMPANY)

*Certified Public Accountants*

P.O. Box 3790

Covington, Louisiana 70434-3790

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## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors  
Regina Coeli Child Development Center  
Covington, Louisiana

We have audited the compliance of Regina Coeli Child Development Center (a nonprofit organization) with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended May 31, 2001. Regina Coeli Child Development Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Regina Coeli Child Development Center's management. Our responsibility is to express an opinion on Regina Coeli Child Development Center's compliance based on our audit.

### Compliance

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Regina Coeli Child Development Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Regina Coeli Child Development Center's compliance with those requirements.

In our opinion, Regina Coeli Child Development Center complied in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended May 31, 2001.

Internal Control over Compliance

The management of Regina Coeli Child Development Center is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Regina Coeli Child Development Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we considered to be material weaknesses.

This report is intended solely for the information of the management, and federal awarding agencies and pass-through entities, and is not intended and should not be used by any other than those specified parties.

*Smith, Hural & Associates, L.L.C.*

August 6, 2001

Regina Coeli Child Development Center

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

May 31, 2001

Section 1

Financial Statements

- |  |             |
|--|-------------|
| 1. Type of auditors' report  | Unqualified |
| 2. Internal control over financial reporting                                 |             |
| a. Material weaknesses identified  | None        |
| b. Reportable conditions identified not considered to be material weaknesses | None        |
| c. Noncompliance material to the financial statements noted.                 | None        |

Federal Awards

- |  |             |
|--|-------------|
| 1. Internal control over major programs  |             |
| a. Material weaknesses identified  | None        |
| b. Reportable conditions identified not considered to be material weaknesses             | None        |
| 2. Type of auditor's report issued on compliance for major program                       | Unqualified |
| 3. Audit findings disclosed that are required in accordance with OMB A-133, Section 510a | No          |
| 4. Identification of major program<br>93.600   | Head Start  |
| 5. Dollar threshold used to distinguish between Type A and B programs.                   | \$300,000   |
| 6. Auditee qualified as a low - risk auditee under OMB A-133 Section 530.                | No          |

Section 2

Financial Statement Findings

None Reported

Section 3

Federal Awards Findings and Questioned Costs

None

Regina Coeli Child Development Center

STATUS OF PRIOR YEAR AUDIT FINDINGS

May 31, 2001

99-1 *Finding:* Regina Coeli Child Development Center did not monitor compliance with the Davis-Bacon Act.

*Current Status:* We noted no material non-compliance with the Davis-Bacon Act.