

**COGNITIVE DEVELOPMENT CENTER OF MONROE
FREEDOM SCHOOL PROGRAM, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2008

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 10/21/09

**COGNITIVE DEVELOPMENT CENTER OF MONROE
FREEDOM SCHOOL PROGRAM, INC.**

DECEMBER 31, 2008

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CERTIFIED PUBLIC ACCOUNTANTS

1500 Lamy Lane, Monroe, LA 71201-3734 • P. O. Box 14065, Monroe, LA 71207-4065

Phone: (318) 323-0717 • Fax: (318) 323-0719

ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors

Cognitive Development Center of Monroe Freedom School Program, Inc.
Monroe, Louisiana

We have compiled the accompanying statement of financial position of Cognitive Development Center of Monroe Freedom School Program, Inc. (a not-for-profit organization) as of December 31, 2008, and the related statements of activities, functional expenses and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Bond & Tousignant, LLC

September 15, 2009

**COGNITIVE DEVELOPMENT CENTER OF MONROE
FREEDOM SCHOOL PROGRAM, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008**

Assets	
.	
Current Assets	
Cash and Cash Equivalents	\$ <u>4,987</u>
Total Current Assets	<u>4,987</u>
Total Assets	\$ <u><u>4,987</u></u>
Liabilities and Net Assets	
Net Assets	
Unrestricted	<u>4,987</u>
Total Net Assets	<u>4,987</u>
Total Liabilities and Net Assets	\$ <u><u>4,987</u></u>

See Accountants' Compilation Report.

**COGNITIVE DEVELOPMENT CENTER OF MONROE
FREEDOM SCHOOL PROGRAM, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Unrestricted</u>	<u>Total</u>
Support and Revenue		
Federal		
Grant - TANF Freedom School	\$ 99,788	\$ 99,788
Total Support and Revenue	<u>99,788</u>	<u>99,788</u>
Expenses		
Program Services		
Freedom School	<u>93,691</u>	<u>93,691</u>
Total Program Services	<u>93,691</u>	<u>93,691</u>
Supporting Services		
Management and General	<u>1,110</u>	<u>1,110</u>
Total Supporting Services	<u>1,110</u>	<u>1,110</u>
Total Expenses	<u>94,801</u>	<u>94,801</u>
Increase (Decrease) in Net Assets	4,987	4,987
Net Assets at Beginning of Year	<u>-</u>	<u>-</u>
Net Assets at End of Year	<u>\$ 4,987</u>	<u>\$ 4,987</u>

See Accountants' Compilation Report.

**COGNITIVE DEVELOPMENT CENTER OF MONROE
FREEDOM SCHOOL PROGRAM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Program Services	Supporting Services	
	Freedom School	Management and General	Total
Bank Service Charge	\$ -	\$ 35	\$ 35
Contract Services	2,640	-	2,640
Dues and Subscriptions	8,625	-	8,625
Equipment Rental	263	-	263
Interest	-	575	575
Office Expenses	7,318	-	7,318
Payroll Taxes & Benefits	3,809	-	3,809
Program Expense	18,787	-	18,787
Professional Services	-	500	500
Supplies - Food	9,492	-	9,492
Salaries & Wages	37,230	-	37,230
Training	1,850	-	1,850
Travel and Conferences	3,677	-	3,677
Total Expenses	\$ 93,691	\$ 1,110	\$ 94,801

See Accountants' Compilation Report.

**COGNITIVE DEVELOPMENT CENTER OF MONROE
FREEDOM SCHOOL PROGRAM, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Operating Activities	
Change in Net Assets	\$ <u>4,987</u>
Net Cash Provided by (Used In) Operating Activities	<u>4,987</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,987
Cash and Cash Equivalents at Beginning of Year	-
Cash and Cash Equivalents at End of Year	\$ <u>4,987</u>

See Accountants' Compilation Report.

**COGNITIVE DEVELOPMENT CENTER OF MONROE
FREEDOM SCHOOL PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Cognitive Development Center of Monroe Freedom School Program, Inc. ("Freedom School") is a non-profit organization organized under the laws of the State of Louisiana on July 1, 2008. Freedom School's primary purpose is to promote improvement of children's developmental skills, academic success and life improvement through participation in the Children's Defense Fund's Freedom School Program for children primarily in the Ouachita Parish, Louisiana area.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of Freedom School are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America where revenue is recognized in the period earned and expenditures are recorded in the period incurred and to which they pertain.

Uses of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents represent cash and all highly liquid debt instruments purchased with original maturities of three months or less.

Concentration of Credit Risk

Freedom School's financial instruments that are exposed to concentrations of credit risk consist primarily of cash on deposit at a local financial institution. Freedom School places its financial instruments with a high credit quality bank. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Concentration of Contributions

Freedom School has contracted with the State of Louisiana Department of Social Services, Office of Family Support to provide the Children's Defense Fund "Freedom School" program to adolescents in the area. All of Freedom School's funding is generated from this annual contract.

**COGNITIVE DEVELOPMENT CENTER OF MONROE
FREEDOM SCHOOL PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

Freedom School incurred no advertising and promotion costs for the year ended December 31, 2008. Advertising costs are expensed when incurred.

Not-For-Profit Accounting

Freedom School reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted assets, and permanently restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The organization does not have any temporarily restricted assets and permanently restricted net assets at December 31, 2008.

Unrestricted Net Assets consist of assets and revenue available and used for current operations and expenditures for current programs, and amounts designated by the Board of Directors for long-term investment, equipment, or other specific purposes.

Income Taxes

Freedom School is in the process of preparing an application as a non-profit voluntary health organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under Section 121 (5) of Title 47 of the Louisiana Revised Statutes of 1950. Therefore, no provision for income taxes is necessary. If Freedom School's application is never completed or denied, then it will be taxed retroactively as a C Corporation since its inception.

NOTE 3 - TRANSACTIONS WITH RELATED PARTIES

Note Payable – Officer

The Executive Director made advances to Freedom School in 2008 of \$34,300 to enable Freedom School to meet its obligations before Freedom School received funds from the State of Louisiana for the TANF contract. The entire balance was paid off during 2008. There was no written evidence of this debt and accordingly, it was unsecured and non-interest bearing (imputed interest of 1.8%).

NOTE 4 – FUNCTIONAL ALLOCATION OF EXPENSES

Expenses by function have been allocated among program and supporting services classifications on the basis of estimates made by Freedom School's management. Expenses are charged to each program based on direct expenditures incurred. There were no indirect costs charged during the contract period.

**COGNITIVE DEVELOPMENT CENTER OF MONROE
FREEDOM SCHOOL PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Freedom School's financial instruments, none of which are held for trading purposes, consist primarily of cash on deposit at financial institutions. Freedom School estimates that the fair value of all financial instruments at December 31, 2008 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

NOTE 6 – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Interest paid in 2008 was \$575.

NOTE 7 – GOVERNMENT GRANTS AND CONTRACTS

Freedom School was awarded a Temporary Assistance for Needy Families (TANF) grant for a Children's Defense Fund Freedom School in 2008 through the State of Louisiana, Department of Social Services, Office of Family Support up to \$101,600. For its services, Freedom School received \$99,788.

SUPPLEMENTAL INFORMATION

**COGNITIVE DEVELOPMENT CENTER OF MONROE
FREEDOM SCHOOL PROGRAM, INC.
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Findings Related to the Financial Statements that are required to be reported under *Government Auditing Standards*.

ML-2008-01

Finding:

Cognitive Development Center of Monroe Freedom School Program, Inc. has an annual compilation reporting requirement to the Louisiana Legislative Auditor that is due by June 30 following the end of each calendar year. Failure to do so can result in a freeze on contract and grant monies earned.

Recommendation:

We recommend that the Organization engage an approved Certified Public Accounting firm to perform its annual compilation soon after the end of each calendar year to ensure that the compilation can be completed and submitted to the Legislative Auditor no later than June 30 following the end of each year.

Management Corrective Action Plan:

Management concurs with this finding and will engage an approved Certified Public Accounting firm in the time frame necessary to complete and submit the compilation report by the proper due date.