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**REGINA COELI CHILD
DEVELOPMENT CENTER**
FIN: 72-0680604

Audits of Financial Statements

May 31, 2007 and 2006

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 10/10/07

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Independent Auditor's Report

Board of Directors
Regina Coeli Child Development Center
Robert, Louisiana

We have audited the accompanying statements of financial position of Regina Coeli Child Development Center (the Center) (a non-profit Corporation) as of May 31, 2007 and 2006, and the related statements of activities and cash flows for the years 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 audits.

We conducted our audits 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 audits 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 audits provide 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, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2007, 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, 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 the internal control over financial reporting or on compliance. That 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 our audits.

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Our audits were 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 Catalog of Federal Domestic Assistance (CFDA) number and other financial assistance, the financial status reports - Head Start, the schedule of expenditures of federal awards and schedule of Board Members are 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 Centers*, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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.

Salvatore, Schmit, Frangis & Neal

A Professional Accounting Corporation

September 10, 2007

REGINA COELI CHILD DEVELOPMENT CENTER
Statements of Financial Position
May 31, 2007 and 2006

	2007	2006
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 340,362	\$ 239,645
Certificate of Deposit	872,635	889,600
Grants Receivable	1,000,464	794,899
Other Receivables	625	-
Inventory	2,881	2,741
Prepaid Expenses	-	1,000
Total Current Assets	2,216,967	1,927,885
Property, Plant and Equipment		
Land	1,101,665	1,101,665
Buildings	7,061,865	7,061,865
Vehicles	1,056,175	989,057
Equipment	477,178	477,178
Leasehold Improvements	561,445	754,621
Construction in Process	41,697	-
	10,300,025	10,384,386
Less: Accumulated Depreciation and Amortization	(3,293,240)	(3,193,128)
Total Property, Plant and Equipment, Net	7,006,785	7,191,258
Other Assets		
Loan Fees, Net	56,270	59,580
Deposits	2,281	2,281
Total Other Assets	58,551	61,861
Total Assets	\$ 9,282,303	\$ 9,181,004
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 295,306	\$ 218,119
Accrued Payroll Expenses	717,129	695,655
Notes Payable	178,070	171,104
Total Current Liabilities	1,190,505	1,084,878
Long-Term Liabilities		
Notes Payable, Net of Current Portion	4,098,577	4,333,074
Total Liabilities	5,289,082	5,417,952
Net Assets - Unrestricted	3,993,221	3,763,052
Total Liabilities and Net Assets	\$ 9,282,303	\$ 9,181,004

The accompanying notes are an integral part of these financial statements.

REGINA COELI CHILD DEVELOPMENT CENTER
Statements of Activities
Years Ended May 31, 2007 and 2006

	2007	2006
Revenues		
Grants	\$ 13,867,470	\$ 13,913,956
Goods and Services Contributed	1,933,073	1,505,223
Cash Contributions	77,281	142,890
Interest Revenue	25,533	23,076
Other Income	290,641	26,554
Gain on Sale of Assets	-	3,710
Total Revenues	16,193,998	15,615,409
Expenses		
Personnel	8,646,750	8,596,472
Fringe Benefits	2,044,048	1,755,731
Goods and Services Contributed	1,933,073	1,505,223
Occupancy	774,483	734,743
Food Costs	455,214	446,501
Educational Supplies	221,661	387,930
Other Supplies	311,425	404,064
Travel	364,561	345,426
Depreciation	293,486	320,834
Interest Expense	291,721	272,879
Training	144,938	205,565
Other	132,934	183,649
Insurance	183,232	176,106
Consultants	148,445	168,701
Fundraising Costs	14,548	27,017
Amortization	3,310	3,310
Total Expenses	15,963,829	15,534,151
Increase in Net Assets	230,169	81,258
Net Assets, Beginning of Year	3,763,052	3,681,794
Net Assets, End of Year	\$ 3,993,221	\$ 3,763,052

The accompanying notes are an integral part of these financial statements.

REGINA COELI CHILD DEVELOPMENT CENTER
Statements of Cash Flows
Years Ended May 31, 2007 and 2006

	2007	2006
Cash Flows from Operating Activities		
Increase in Net Assets	\$ 230,169	\$ 81,258
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Gain on Sale of Assets	-	(3,710)
Depreciation	293,486	320,834
Amortization	3,310	3,310
(Increase) Decrease in Grants Receivable	(205,565)	362,203
(Increase) Decrease in Other Receivables	(625)	6,892
(Increase) in Inventory	(140)	(274)
Decrease (Increase) in Prepaid Expenses	1,000	(67)
Increase in Deposits	-	(5,283)
Increase (Decrease) in Accounts Payable	77,187	(393,997)
Increase in Accrued Payroll Expenses	21,474	40,118
Total Adjustments	190,127	330,026
Net Cash Provided by Operating Activities	420,296	411,284
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(109,013)	(466,104)
Proceeds from Certificate of Deposit	16,965	309,784
Proceeds from the Sale of Fixed Assets	-	4,775
Net Cash Used in Investing Activities	(92,048)	(171,545)
Cash Flows from Financing Activities		
Principal Payments on Notes Payable	(227,531)	(206,478)
Principal Payments on Capital Lease Payable	-	(7,680)
Net Cash Used in Financing Activities	(227,531)	(214,158)
Net Increase in Cash and Cash Equivalents	100,717	25,581
Cash and Cash Equivalents, Beginning of Year	239,645	214,064
Cash and Cash Equivalents, End of Year	\$ 340,362	\$ 239,645

The accompanying notes are an integral part of these financial statements.

REGINA COELI CHILD DEVELOPMENT CENTER
May 31, 2007 and 2006
Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

A summary of Regina Coeli Child Development Center's (the Center) significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

History of Center

The Center is a non-profit corporation that operates Head Start programs in Southeast Louisiana. The Center has been in existence since 1969. It operates sixteen centers, including Head Start, Early Head Start and Migrant Head Start programs, in the six parishes of Livingston, St. Helena, St. Tammany, Tangipahoa, Washington, and Ascension. The Center provided service to 2,033 and 1,875 children and families during the years ended May 31, 2007 and 2006, respectively. The goal of the Center is to improve the educational and economical opportunity of those it serves.

Presentation of Financial Statements

The Center has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statement of Not-for-Profit Organizations*. Under SFAS No. 117, the Center 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 Center is required to present a statement of cash flows.

The Center has 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. During the periods under audit, the Center had no temporarily or restricted revenues or net assets.

SFAS No. 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.

The following is a recap of in-kind contributions recognized in the years ended May 31, 2007 and 2006:

	2007	2006
Rental of Facilities	\$ 146,800	\$ 68,191
Occupancy and Other Operating Expenses	258,542	40,517
Supplies	238,839	180,521
Pupil and Staff Transportation	942,751	821,737
Services	346,141	394,257
Total	\$ 1,933,073	\$ 1,505,223

REGINA COELI CHILD DEVELOPMENT CENTER
May 31, 2007 and 2006
Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Presentation of Financial Statements (Continued)

Services valued at \$921,520 and \$660,554 during the years ended May 31, 2007 and 2006, respectively, did not meet the criteria of SFAS No. 116 and were not recognized.

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 the Center are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Grant Control/Support

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

The Center 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.

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.

Estimates

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

Concentrations of Credit Risk

Over 80% of the Center's funds during the years ended May 31, 2007 and 2006, 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 Center's operations.

REGINA COELI CHILD DEVELOPMENT CENTER
May 31, 2007 and 2006
Notes to Financial Statements

Note 2. Grants Receivable

The balance of grants receivable consists of the following:

	2007	2006
Federal Grants		
Head Start Program	\$ 733,890	\$ 576,217
Migrant Head Start Program	75,795	-
Child Care Food Program	190,779	213,682
Children's Trust Fund	-	5,000
Total	<u>\$ 1,000,464</u>	<u>\$ 794,899</u>

Note 3. Inventory

Inventory consists of 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 4. Income Taxes

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

Note 5. Statements of Cash Flows

For purposes of the statements of cash flows, the Center considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash paid for interest during the years ended May 31, 2007 and 2006, totaled \$291,721 and \$272,879, respectively.

Note 6. 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, and equipment are stated at cost at the date of acquisition or fair value at the 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. For the years ended May 31, 2007 and 2006, depreciation expense totaled \$293,486 and \$320,834, respectively.

REGINA COELI CHILD DEVELOPMENT CENTER
May 31, 2007 and 2006
Notes to Financial Statements

Note 6. Fixed Assets (Continued)

The estimated useful lives are as follows:

Description	Estimated Lives
Buildings	40 Years
Modular Building	15 Years
Vehicles	10 Years
Equipment	5-10 Years

Note 7. Retirement Plan

The Center sponsors a profit sharing plan under Section 404(c) of the Internal Revenue Code. All employees who are over 18 years of age are eligible to participate in the plan. Employees are enrolled as active participants on the first day of the month coinciding with or immediately following the date eligibility requirements are met. Participants may contribute from 1% to 100% of their compensation up to the maximum amount permitted by law. The value of a participant's account attributable to their contributions is always fully vested. Each plan year the Board of Directors will determine the amount of the employer contribution (if any) that will be made for all eligible participants who are actively employed on the last day of the plan year, which is December 31st. The plan has a five-year vesting schedule for employer contributions as follows:

Year	Percent
0 to Less than 2 Years	0%
2 Years	25%
3 Years	50%
4 Years	75%
5 or More Years	100%

A member automatically becomes fully vested when he or she dies, incurs total disability or reaches age 65.

During the years ended May 31, 2007 and 2006, \$340,937 and \$189,909, respectively, was contributed to the plan for the benefit of the plan participants employed by the Center, which is included in fringe benefits in the statements of activities.

REGINA COELI CHILD DEVELOPMENT CENTER
May 31, 2007 and 2006
Notes to Financial Statements

Note 8. Loan Issuance Cost

In 2005, the Center incurred loan issuance costs of \$66,200. The Center amortizes these loan costs annually. During the years ended May 31, 2007 and 2006, the amortization expense was \$3,310 and \$3,310, respectively.

Note 9. Notes Payable

A summary of notes payable for purchases of Head Start facilities is as follows:

	2007	2006
5.52% Variable rate mortgage payable to a bank, secured by real estate, due in monthly installments of \$1,284 through May 2018.	\$ 70,300	\$ 81,432
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.	607,640	624,801
6.00% Mortgage payable to an individual, secured by real estate, due in monthly installments of \$3,575 through October 2023.	447,457	462,945
6.00% Variable rate revenue bonds payable to a bank, secured by letter of credit from another bank, due in monthly payments of interest only, and one principal payment annually through July 2024. Fees for this loan include a trustee fee of \$1,500 annually, a remarketing fee of \$875 quarterly, and a quarterly letter of credit fee calculated at 1.25% per annum of the outstanding principal balance.	<u>3,151,250</u>	<u>3,335,000</u>
Total	<u>\$ 4,276,647</u>	<u>\$ 4,504,178</u>

The Center makes monthly payments to the paying agent who deposits the payments into an escrow account until the due date of the principle. The Center considers these monthly payments to the escrow agent as principle payments on the bond.

REGINA COELI CHILD DEVELOPMENT CENTER
May 31, 2007 and 2006
Notes to Financial Statements

Note 9. Notes Payable (Continued)

Principal payments required in future years as of May 31, 2007, are as follows:

2008	\$ 178,070
2009	185,739
2010	193,567
2011	201,311
2012	209,657
Thereafter	<u>3,308,303</u>
Total	\$ <u>4,276,647</u>

Note 10. Operating Leases

The Center has commitments on one lease agreement for space rental as of May 31, 2007, as follows:

Locations in Louisiana	Lease Expiration	Monthly Payments
Bogalusa Head Start	December 2012	\$ 2,500

Total lease expense included in occupancy expense in the accompanying financial statements for obligations under this lease and other month to month leases is \$185,854 and \$122,908 for the years ended May 31, 2007 and 2006, respectively; which includes in kind rent donation of \$146,800 and \$68,191, respectively.

Annual lease commitments required in future years as of May 31, 2007, are as follows:

2008	\$ 30,000
2009	30,000
2010	30,000
2011	30,000
2012	<u>17,500</u>
Total	\$ <u>137,500</u>

REGINA COELI CHILD DEVELOPMENT CENTER
May 31, 2007 and 2006
Notes to Financial Statements

Note 11. Restrictions on 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 there from, is subject to the funding source requirements of the Department of Health and Human Services.

Note 12. Contingencies

On January 30, 1998, the Center executed a cooperative endeavor agreement with the Louisiana Board of Trustees for State Colleges and Universities. Pursuant to the agreement, the Center 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 Center, the buildings at that location would have to be relocated.

Note 13. Construction Grant Award

On September 18, 2006, the Center was awarded \$1,485,160 from the U.S. Department of Health and Human Services, Office for Children and Families, for the construction of a new Head Start facility to accommodate 120 children in Slidell, Louisiana. The project period for these funds is September 1, 2006 through August 31, 2009. The Non-federal share matching requirements for these funds were waived by the funding agency. No draws were made on these funds during the audit period due to construction contract negotiations and the funds remain available to the Center.

REGINA COELI CHILD DEVELOPMENT CENTER
May 31, 2007 and 2006
Notes to Financial Statements

Note 14. Insurance

As of May 31, 2007, the Center has the following insurance coverage:

Insurer	Policy Expiration Date	Amount of Coverage	Type of Coverage
Granite State Insurance	6/07	\$1,000,000 1,000,000 1,000,000	Business Auto Bodily Injury Uninsured Hired/Non Owned
Granite State Insurance	6/07	3,000,000 1,000,000 1,000,000 100,000 5,000	General Liability Aggregate Personal/Advertising Each Occurrence Fire Damage Medical Expense
Granite State Insurance	6/07	11,947,000 2,597,560 202,000	Buildings Contents Improvements
American Reliable Ins. Co. Building	4/08	500,000 84,000 500,000 255,300	Hammond HS Flood Hammond Flood-Contents Robert HS Flood-Building Robert HS Flood-Contents
Travelers Insurance Company	11/07	1,000,000	Directors and Officers Liability
Fidelity and Deposit Co. of Maryland	9/07	300,000	Employee Dishonesty
Members of American International Group	6/07	5,000 5,000 10,000 10,000 50,000	Student Accident Acc. Death Acc. Dismemberment Acc. Medical Acc. Dental Aggregate
Fidelity and Deposit Co. of Maryland	6/07	300,000	Emp. Retirement Bond

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, 2007

	Department of Agriculture 10.556		Department of Health and Human Services Head Start Programs 93.600				Migrant Head Start Program Project # 90CNO104-005				Total Federal Programs	Other Financial Assistance	Plant Fund	Total All Funds	
	Grant # 06CJH00737		06-01-06 to 01-31-07		05-01-07 to 05-31-07		Total								
	Child Care Food Program	PA-22 and PA-25	PA-20 and PA-26	CAN - 5	Total	06-01-06 to 01-31-07	05-01-07 to 05-31-07	Total							
Revenues															
Grants	\$ 989,312	\$ 11,251,373	\$ 148,626	\$ 487,387	\$ 11,887,386	\$ 694,550	\$ 286,092	\$ 979,642	\$ 13,856,340	\$ 11,121	\$ -	\$ 13,857,461			
Death Contributions	-	-	-	-	-	-	-	-	-	77,281	-	77,281			
Other Income	584	-	-	-	-	-	-	-	584	290,057	-	290,641			
Interest Income	-	250	-	-	250	-	-	-	250	354	-	25,533			
In-Kind Contributions	-	2,816,500	-	-	2,816,500	15,253	22,840	38,093	2,854,593	-	24,929	2,854,593			
Total Revenues	989,896	14,068,123	148,626	487,387	14,704,136	708,803	307,932	1,017,735	16,711,767	378,613	24,929	17,115,509			
Expenses															
Personnel	264,130	7,321,819	26,679	324,705	7,673,003	435,450	208,152	643,602	8,600,743	46,007	-	8,646,750			
Fringe Benefits	124,144	1,899,767	5,082	92,523	1,797,372	75,846	41,327	117,173	2,038,689	5,359	-	2,044,048			
Depreciation and Amortization	-	-	-	-	-	-	-	-	-	-	296,796	296,796			
Food Costs	451,842	400	-	-	400	2,872	-	2,872	455,214	-	-	455,214			
Other	81,297	81,297	-	2,250	83,547	-	2,396	2,396	85,943	46,991	-	132,934			
Occupancy	51,498	560,836	-	15,901	578,377	102,385	8,898	111,073	789,308	5,175	-	774,483			
Training	3,723	9,732	-	-	128,597	8,096	4,301	12,397	142,717	2,221	-	144,938			
Interest Expense	-	-	-	-	-	-	-	-	-	-	291,721	291,721			
Educational Supplies	-	153,794	-	26,843	180,627	11,382	5,730	17,120	197,747	23,914	-	221,661			
Insurance	-	181,113	-	-	181,113	2,110	-	2,110	183,223	-	-	183,223			
Travel	5,207	306,064	-	11,394	317,398	30,093	7,419	37,512	360,117	4,444	-	364,561			
Other Supplies	39,344	226,834	-	13,871	240,705	21,911	3,746	25,657	305,706	5,719	-	311,425			
Consultants	-	119,041	-	-	119,041	4,305	3,325	7,630	126,671	21,774	-	148,445			
Fundraising	-	-	-	-	-	-	-	-	-	14,548	-	14,548			
In-Kind Expenditures	-	2,816,500	-	-	2,816,500	15,253	22,840	38,093	2,854,593	-	-	2,854,593			
Total Expenses	989,896	13,477,027	148,626	487,387	14,113,040	709,803	307,932	1,017,735	16,120,671	176,152	508,517	16,885,340			
Excess (Deficiency) of Revenues Over Expenditures	-	591,096	-	-	591,096	-	-	-	591,096	202,661	(563,586)	230,169			
Transfers to Plant Fund - Net	-	(591,096)	-	-	(591,096)	-	-	-	(591,096)	4,726	596,371	-			
Fund Balances, Beginning of Year	-	-	-	-	-	-	-	-	-	124,511	3,588,541	3,763,052			
Fund Balances, End of Year	-	-	-	-	-	-	-	-	-	331,897	3,661,324	3,993,221			

REGINA COELI CHILD DEVELOPMENT CENTER
 Schedule of Expenditures of Federal Awards
 For the Year Ended May 31, 2007

Federal Grantor	CFDA Number	Grant Period	Grant Contract or Award Number	Total Grant Award	(Accrued) Deferred Revenues 5-31-08	Cash Received	Revenues Recognized	Expenditures	(Accrued) Deferred Revenues 5-31-07
U.S. Department of Agriculture Child Care Food Program (Passed through the Louisiana Department of Education)	10.558	6/1/08 to 5/31/07	N/A	\$ 989,312	\$ (213,682)	\$ 1,012,215	\$ 969,312	\$ 989,312	\$ (190,778)
U.S. Department of Health and Human Services Head Start - Major Program	93.600	6/1/06 to 5/31/07	06CH6007/37	11,887,386	(576,217)	11,729,712	11,887,386	11,887,386	(733,891)
Migrant Head Start - Major Program (Passed through the Community Action Program for Central Arkansas)	93.600 93.600	2/1/06 to 1/31/07 2/1/07 to 1/31/08	90CMD101 90CMD101	879,651	-	694,550 209,297	694,550 285,092	694,550 285,092	(75,795)
Children's Trust Fund (Passed through the Louisiana Department of Social Services) Total Human Services	93.590	7/1/05 to 6/30/08	600301	5,000	(5,000)	5,000	-	-	-
Total Federal Grants					<u>(581,217)</u>	<u>12,638,559</u>	<u>12,867,028</u>	<u>12,867,028</u>	<u>(809,666)</u>
					\$ (794,899)	\$ 13,650,774	\$ 13,856,340	\$ 13,856,340	\$ (1,000,464)

See accompanying notes to schedule of expenditures of federal awards.

REGINA COELI CHILD DEVELOPMENT CENTER
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended May 31, 2007

Notes to Schedule of Expenditures of Federal Awards

Note 1. Significant Accounting Policies

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

Note 2. Community Facilities Loans

As of May 31, 2007, Regina Coeli Child Development Center had a loan outstanding to the U.S. Department of Agriculture as follows:

Livingston Center	<u>\$ 607,640</u>
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The above loan is not included in the Schedule of Expenditures of Federal Awards because there are no related compliance requirements other than timely payment.

REGINA COELI CHILD DEVELOPMENT CENTER
Schedule of Board Members
May 31, 2007

NAME	ADDRESS	PHONE
Shannon Andersen	P.O. Box 919 Amite, LA 70422	(985) 974-8994
Rayne Beal	18144 E. Ranteu Road Ponchatoula, LA 70454	(985) 510-0557
Eric R. Bissel	227 N. Columbia Street Covington, LA 70433	(985) 893-9489
Jean Dawsey	81030 Dawsey Road Covington, LA 70435	(985) 892-2611
Victor Doucette	32140 Bayou Paquet Road Slidell, LA 70458	(985) 643-8971
Cynthia Elliott	2230 Oleander Baton Rouge, LA 70806	(225) 921-6408
Alex Kropog	30165 George White Road Holden, LA 70744	(225) 686-2436
Kathi Legg	210 W. Robert Apt. #12 Hammond, LA 70401	(985) 543-4165
Hildra Martin	2624 S. Columbia Road Bogalusa, LA 70427	(985) 732-4052
Ralph G. Miller	50132 Huckleberry Lane Folsom, LA 70457	(985) 796-3308
Carol Torrey	350 Hyacinth Lane Mandeville, LA 70471	(985) 626-1168
Shirley Freeman	P.O. Box 974 Greensburg, LA 70441	(225) 222-4033
Vera Jones	1609 Loretta Street Donaldsonville, LA 70346	(225) 473-5142
Jean Krieger	107 Pine Lane Mandeville, LA 70471	(985) 624-3529
Beth Laine	6011 Chateau Loire Mandeville, LA 70448	(985) 626-0812
Melinda Shaffet	20383 Highway 40 Bush, LA 70431	(985) 892-5273



**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**

Board of Directors
Regina Coeli Child Development Center
Robert, Louisiana

We have audited the financial statements of Regina Coeli Child Development Center (a non-profit entity) as of and for the years ended May 31, 2007 and 2006, and have issued our report thereon dated September 10, 2007. We conducted our audits 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Regina Coeli Child Development Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Regina Coeli Child Development Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Regina Coeli Child Development Center's internal control over financial reporting.

A control deficiency exists when the design or operation of control does not allow management or employees, in the normal course of performing their assigned functions, to prevent and detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the finance committee, management, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



A Professional Accounting Corporation

September 10, 2007



**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
Robert, Louisiana

Compliance

We have audited the compliance of Regina Coeli Child Development Center (a non-profit entity) 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 years ended May 31, 2007 and 2006. 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 audits.

We conducted our audits of compliance in accordance with auditing standards generally accepted in the United States of America; 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 audits 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 audits provide a reasonable basis for our opinion. Our audits do 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 each of its major federal programs for the years ended May 31, 2007 and 2006.

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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 audits, 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Regina Coeli Child Development Center's internal control over compliance.

A control deficiency in the entity's internal control over compliance exists when the design or operation of control does not allow management or employees, in the normal course of performing their assigned functions, to prevent and detect with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that a non compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness as defined above.

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



A Professional Accounting Corporation

September 10, 2007

REGINA COELI CHILD DEVELOPMENT CENTER
Schedule of Findings and Questioned Costs
May 31, 2007

Section 1

Financial Statements

- | | | |
|----|--|-------------|
| 1. | Type of auditors' report | Unqualified |
| 2. | Internal control over financial reporting | |
| a. | Material weaknesses identified | None |
| b. | Significant deficiencies 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. | Significant deficiencies identified not considered to be material weaknesses | None |
| 2. | Type of auditors' report issued on compliance for each major program | Unqualified |
| 3. | Audit findings disclosed that are required in accordance with OMB A-133, Section 510(a) | None |
| 4. | Identification of major programs | |
| | 93.600 | Head Start |
| | 93.600 | Migrant 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 | Yes |

Section 2

Financial Statement Findings

None

Section 3

Federal Awards Findings and Questioned Costs

None