

NEW ORLEANS EDUCATIONAL TALENT
SEARCH PROGRAM, INC.
4215 SOUTH CLAIBORNE AVENUE
NEW ORLEANS, LOUISIANA 70125

RECEIVED
LEGISLATIVE AUDITOR
2000 JAN -4 AM 11:15

OFFICIAL
FILE COPY

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AND THE
RELATED SIGNLE AUDIT REPORTS
FOR THE YEAR ENDED JUNE 30, 1999

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

Release Date 1-12-00

**NEW ORLEANS EDUCATIONAL TALENT
SEARCH PROGRAM, INC.
NEW ORLEANS, LA 70125**

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flow	5
Statement of Award and Expenses	6
Notes to Financial Statement	7
COMPLIANCE AND INTERNAL CONTROL REPORTS	
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based On An Audit of Financial Statements Performed in Accordance with Government Auditing Standards	10
SUPPLEMENTARY INFORMATION	
Summary of Findings and Questioned Costs	12
Schedule of Findings and Questioned Costs	13
Schedule of Prior Year's Findings	14
MANAGEMENT LETTERS	15

2642 Tulane Ave.
Suite B
New Orleans, La. 70119

(504) 822-6477
(504) 553-0042, Pager
E-Mail: crjcpa20@aol.com

REPORT ON BASIC FINANCIAL STATEMENTS AND SCHEDULE OF FEDERAL AWARDS AND EXPENSES

To the Board of Directors
New Orleans Educational Talent Search Program, Inc.
4215 S. Claiborne Avenue
New Orleans, LA 70125

I have audited the accompanying balance sheet of New Orleans Educational Talent Search Program, Inc. as of June 30, 1999, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of New Orleans Educational Talent Search Program, Inc. management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as discussed in the following paragraph, we conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards required that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe my audit provides a reasonable basis for my opinion.

I was unable to form an opinion on the other receivables aggregating \$114,359 in the statement of financial position. I was also unable to satisfy myself about the other receivables balance through alternative procedures.

In my opinion, except for the effects of such adjustments, if any, as might have been necessary had we been able to examine evidence regarding other receivables, the financial statements referred to above present fairly, in all material respects, the financial position New Orleans Educational Talent Search Program, Inc. as of June 30, 1999 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note F to the financial statement, the organization does not maintain proper controls of cost allocations. These uncertainties may cause problems with their cognizant agencies.

In accordance with Government Auditing Standards, I have issued a reported dated December 31, 1999 on my consideration of New Orleans Educational Talent Search Program, Inc.'s internal control structure and report dated December 31, 1999 on compliance with laws and regulation.

My audit was made for the purpose of forming an opinion on the basic financial statement of New Orleans Educational Talent Search Program, Inc. taken as a whole. The accompanying Schedule of Federal Awards and Expenses for the year ended June 30, 1999 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in my opinion, is fairly stated in all material respects *in relation to the basic financial statements taken as a whole.*

A handwritten signature in cursive script, appearing to read 'Carl R. Johnson', with a long horizontal flourish extending to the right.

Carl R. Johnson
Certified Public Accountant

December 31, 1999

New Orleans Educational Talent Search Program, Inc
Statement of Financial Position
June 30, 1999

Assets

Current Assets	
Grants Receivable	\$ 2,561
Other Receivables	114,359
Total Current Assets	<u>116,920</u>
Property and Equipment	
Equipment	164,802
Less accumulated depreciation	<u>(152,517)</u>
Total Property and Equipment	<u>12,285</u>
Total Assets	<u>\$ 129,205</u>

Liabilities & Net Assets

Current Liabilities	
Accounts payable	\$ 79,938
Withheld and accrued payroll taxes	48,924
Total Current Liabilities	<u>128,862</u>
Net Assets	
Beg. Net Assets	(11,943)
Change in Net Assets	<u>12,286</u>
Total Net Assets	<u>343</u>
Total Liabilities & Net Assets	<u>\$ 129,205</u>

See accompanying notes and auditor's report.

New Orleans Educational Talent Search Program, Inc
Statement of Activities
Year Ended June 30, 1999

Revenue			
Grants		\$	490,333
			<u>490,333</u>
Program Services			
Contract Labor			56,944
Empl Medicare Tax Expens			2,959
Employer FICA Tax Expen			12,651
Employer SUTA Expense			12,243
Fringe Benefits			42,362
Salaries & Wages			204,048
Supplies			42,576
			<u>373,783</u>
Operating Expenses			
Bank Charges			942
Depreciation Expense			3,071
Dues & Subscription			2,360
Equipment Rental			11,398
Insurance - Disability Insurance			93
Legal & Accounting			10,737
Licenses			631
Maintenance & Repair			2,297
Office Supplies			31,535
Postage (And Deliveries)			2,498
Printing and Reproduction			6,139
Rent - Office (Bldg)			2,729
Telephone			11,372
Travel			6,415
Utilities			4,394
			<u>96,611</u>
Operating Income			19,939
Other Income and Expense			
Interest expense			(7,654)
			<u>(7,654)</u>
Change in net assets		\$	<u>12,285</u>

See accompanying notes and auditor's report.

New Orleans Educational Talent Search Program, Inc
Statement of Cash Flows
For the Year Ended June 30, 1999

Cash Flows from Operating Activities:	
Net income(loss)	\$ 12,286
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation expense	3,071
Change in accounts receivable	21,355
Change in accounts payable	79,938
Change in accrued expenses	18,851
Net Cash Provided by (Used by) Operating Activities	135,501
Cash Flows from Investment Activities:	
Investment in property & equipment	(15,356)
Investment in other assets	(88,645)
Net Cash Provided by (Used by) Investing Activities	(104,001)
Cash Flows from Financing Activities:	
Beginning Net Assets	(11,943)
Repayment of long term debt	(19,557)
Net Cash Provided by (Used by) Financing Activities	(31,500)
Net Increase(Decrease) in Cash	-0-
Cash at Beginning of Period	-0-
Cash at End of Period	\$ -0-

See accompanying notes and auditor's report

**NEW ORLEANS EDUCATIONAL TALENT SEARCH PROGRAM, INC.
SCHEDULE OF AWARD AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 1999**

	<u>DHH/OADA</u>	<u>DOE</u>	<u>TOTALS</u>
<i>Grant CFDA Number</i>	13.992	84.044A	
Grant Revenue	\$118,000	\$372,333	\$490,333
Other Contributions			0
Total Revenue	\$118,000	\$372,333	\$490,333
Salaries	79,001	125,047	204,048
Payroll Taxes	11,890	15,963	27,853
Fringe Benefits	0	42,362	42,362
Contract Labor	0	56,944	56,944
Total Employee Costs	90,891	240,316	331,207
Equipment Rental	0	11,398	11,398
Building Rental	2,100	629	2,729
Utilities	1,800	2,594	4,394
Telephone	900	10,472	11,372
Office Supplies	6,023	26,143	32,166
Supplies	8,906	33,670	42,576
Insurance	0	93	93
Postage	0	2,498	2,498
Accounting and Auditing	6,600	4,137	10,737
Staff Development	0	2,360	2,360
Repairs and Maintenance	0	2,297	2,297
Printing and Reproduction	0	6,139	6,139
Auto and Truck	780	5,635	6,415
Bank Service Charges	0	942	942
Interest Expense	0	7,654	7,654
Depreciation	0	3,071	3,071
Total Expenses	118,000	360,048	478,048
Change in Net Assets	0	12,285	12,285

See Accompany notes and accountant's report

NEW ORLEANS EDUCATIONAL TALENT SEARCH PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

New Orleans Educational Talent Search Program, Inc. is a Non-Profit Organization established to provide social services to residents of New Orleans, LA. The source of revenue comes from the Department of Health and Hospitals, Office of Alcohol and Drug Abuse and Department of Education.

2. Presentation of Financial Statements

The accompanying financial statements have been presented in accordance with generally accepted accounting principles. They are presented on the accrual basis of accounting.

3. Basis of Reporting

The Agency has adopted SFAS No. 117 which establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net assets categories (i.e. unrestricted net assets, temporarily restricted net assets and permanently restricted net assets) accordingly to external donor imposed restrictions.

A description of the three (3) net assets categories is as follows:

Unrestricted Net Assets include the following:

Unrestricted Net assets include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of the Agency is included in this category. The Agency has determined that any donor imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the Agency, and therefore, the Agency's policy is to record these assets as unrestricted.

Temporarily restricted net assets include realized gains and losses, investment income and gifts, appropriations and contributions for which donor imposed restrictions have not been met.

Permanently restricted net assets are contributions which are required by the donor-imposed restriction to be invested in perpetuity and only the income is made available for program operations in accordance with the donor restrictions.

Such income is reflected in temporarily restricted assets until utilized for donor-imposed restrictions.

At June 30, 1999, the Agency did not have any permanently restricted or temporarily restricted net assets.

4. Cash and Cash Equivalents

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

5. Property, Plant and Equipment

Property, Plant and Equipment is stated at cost, if purchased, or at fair market value at the date of gift, if donated.

6. Revenue Recognition

For financial reporting purposes, the Agency recognizes revenues as earned.

7. Functional Allocation of Expenses

The costs of providing for various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE B - EXEMPT STATUS

The corporation is tax exempt under provision of Section 501(c)(3) of the Internal Revenue Code. The corporation meets all of the applicable provisions of the law.

NOTE C - LAND, BUILDING AND EQUIPMENT, NET

Fixed assets are stated at cost. Donated property and equipment are stated at fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Total net fixed assets as of June 30, 1999 was valued at \$12,285. Fixed assets consisted of the following categories:

Computer Equipment	\$ 164,802
Accumulated Depreciation	<u>(152,517)</u>
 Net Computer Equipment	 \$ 12,285 =====

NOTE D - COMPENSATION TO DIRECTORS

The member of the Board of Directors received no compensation for services related to the governing of this agency or any of its programs nor were there any accruals made for these activities during the period being audited.

NOTE E - ECONOMIC DEPENDENCY

The agency received the majority of its revenue from funds provided through grants administered by various state and city agencies. If significant budget cuts are made at the federal, state and/or city level, the amount of the funds the organization receives could be reduced significantly and have an adverse impact on its operation. Management is not aware of any actions that will adversely affect the amount of funds it will receive in the next fiscal year.

NOTE F - CASH

The agency maintains only one checking account for the entire organization. Account receivables are factors and the bank deposits do not reflect the entire amount of funds received from the cognizant agency. The lack of separate account provided inadequate control of cost and proper distribution of program expenditures.

2642 Tulane Ave.
Suite B
New Orleans, La. 70119

(504) 822-6477
(504) 553-0042, Pager
E-Mail: crjcpa20@aol.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
New Orleans Educational Talent Search Program
4215 South Claiborne Avenue
New Orleans, LA 70125

I have audited the financial statements of New Orleans Educational Talent Search Program as of and for the year ended June 30, 1999, and have issued my report thereon dated December 31, 1999. I conducted my 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 the New Orleans Educational Talent Search Program's financial statements are free of material misstatement, I performed tests of New Orleans Educational Talent Search Program's compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards, which are described in the accompanying schedule of findings and questioned costs.

Internal Control over Financial Reporting

In planning and performing my audit, I considered New Orleans Educational Talent Search Program Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financials reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation on the internal control over financial reporting that, in our judgement, could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of

management in the financials statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs.

A material weakness is a condition in which the design or operation of one or more of the internal control elements 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.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, of the reportable conditions described above, we consider combined effect of all of *the findings to be a material weakness.*

This report is intended for the information of management, and others within the organization and the appropriate state and federal agencies. However, this report is a matter of public record, and its distribution is not limited.

A handwritten signature in black ink, appearing to read 'Carl R. Johnson', with a stylized flourish at the end.

Carl R. Johnson
Certified Public Accountant

December 31, 1999

NEW ORLEANS EDUCATIONAL TALENT SEARCH PROGRAM, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 1999

1. Type of report issued on the financial statements qualified
2. Did the audit disclose any reportable conditions in internal control yes.
3. Were any of the reportable conditions material weaknesses yes.
4. Did the audit disclose any noncompliance which is material to the financial statements yes.
5. Did the audit disclose any reportable conditions in internal control over major programs yes.
6. Were any of reportable conditions in internal control over major programs material weaknesses yes.
7. Type of report issued on compliance for major programs qualified.
8. Did the audit disclose any audit findings which the independent auditor is required to report under OMB Circular A-133 yes.
9. The following is an identification of major programs.
Not Applicable
10. The dollar threshold used to distinguish between Type A and B Programs as described in OMB Circular A-133, Section 520(b) is as follows:
Not Applicable
11. Did the auditee qualify as a low risk auditee under OMB Circular A-133, Section 530.
No

**NEW ORLEANS EDUCATIONAL TALENT SEARCH PROGRAM, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COST
FOR THE YEAR ENDED JUNE 30, 1999**

99-01 Checking Account

Condition

The agency maintains one checking account for the program funds and general account. It is sometimes unclear as to whom the program expenditure should be applied to.

Recommendation

The agency should set up a separate checking account for each program.

99-02 Sequential Order of Checks

Condition

The agency continues to write checks out of sequence. These poor controls over check inventory could cause lost or misplaced check inventory.

Recommendation

I recommend the number sequence of check be enforced.

99-03 Signature on Check

Condition

The agency only has one authorized person to sign checks.

Recommendation

Proper internal control requires that dual signature be required for all disbursements.

99-04 Payroll Taxes

Condition

During my audit, I noted that the 941's were not filed and paid timely.

Recommendation

Federal Law requires all taxes be filed and paid timely.

99-05 Independent Contractor

Condition

The agency employs its counselors as independent contractors.

Recommendation

Federal Law requires that proper classification of employment be required by the agency in order to comply with federal employment regulation.

**NEW ORLEANS EDUCATIONAL TALENT SEARCH PROGRAM, INC.
STATUS OF PRIOR YEAR'S FINDING AND REPORTABLE CONDITIONS**

<u>Reportable Condition</u>	<u>Resolved</u>	<u>Unresolved</u>
98-01 Checking Account <u>Condition</u> The agency maintains one checking account for the program Funds and general account. It is sometimes unclear as to Whom the program expenditure should be applied to.		X
98-02 Sequential Order of Checks <u>Condition</u> The agency continues to write checks out of sequence. These poor control over checks inventory could cause lost or Misplaced check inventory.		X
98-03 Signature on Check <u>Condition</u> The agency only has one authorized person to sign checks.		X
98-04 Payroll Taxes <u>Condition</u> Non payment of payroll taxes.		X
98-05 Late Filing of Audit Report <u>Condition</u> The audit of the Agency for the year ended June 30, 1998 was not Completed within the six months.		X
98-06 Independent Contractor <u>Condition</u> The agency employs its counselors as independent contractors.		X

MANAGEMENT LETTERS

**NEW ORLEANS EDUCATIONAL TALENT SEARCH PROGRAM, INC.
4215 SOUTH CLAIBORNE AVENUE
NEW ORLEANS, LOUISIANA 70125
(504) 821-8844**

REPRESENTATION LETTER

December 29, 1999

Carl R. Johnson, Certified Public Accountant
2642 Tulane Avenue
New Orleans, Louisiana 70119

In connection with your audit of the statement of the basic financial statements as of and for the year ended June 30, 1998 for the purpose of expressing an opinion on whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of New Orleans Educational Talent Search Program, Inc. in conformity with generally accepted accounting principles, we confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. We are responsible for the fair presentation in the financial statements of the financial position and the results of operations and cash flows of New Orleans Educational Talent Search Program, Inc. in conformity with generally accepted accounting principles.
2. We have made available to you all—
 - a. Financial records and related data.
 - b. Minutes of meetings of the board of directors of New Orleans Educational Talent Search Program, Inc. and its committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no—
 - a. Irregularities involving management or employees who have significant roles in the internal control structure.
 - b. Irregularities involving other employees that could have a material effect on the financial statements.

- c. Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.
4. We have no plans or intentions that may materially affect the carrying value or classifications of assets, liabilities, or fund balances.
5. The following have been properly recorded or disclosed in the financial statements:
 - a. Related-party transactions and related amounts receivable or payable, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees.
 - b. Arrangements with financial institutions involving repurchase or reverse repurchase agreements, compensating balances, or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.
 - c. Agreements to repurchase assets previously sold.
 - d. Security agreements under the Uniform Commercial Code.
 - e. Contractual obligations for purchases of assets.
 - f. Liens, encumbrances, or subordination of assets pledged as collateral in any way.
 - g. Subordination of any liabilities.
 - h. All lease or rental obligations under noncancelable long-term leases.
6. There are no—
 - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5.
 - c. Reservations of fund balance that were not properly authorized and approved.
7. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
8. Provision, when material, has been made to:
 - a. Reduce excess or obsolete inventories to their estimated net realizable value.

- b. Reduce all investments for permanent declines in value.
 - c. Record an allowance for estimated uncollectible receivables.
9. The organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged.
10. Provision has been made for any material loss to be sustained as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of prevailing market prices.
11. With respect to compliance with laws and regulations affecting the organization, we represent the following:
- a. We are responsible for the organization's compliance with the laws and regulations applicable to it.
 - b. We have identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts.
 - c. We have complied with all aspects of laws, regulations, and contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
12. We have identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.
13. No events have occurred subsequent to the balance sheet date that would require adjustments to, or disclosure in, the financial statements.
14. With respect to federal awards programs—
- a. We have identified in the Schedule of Federal Awards and Expenses all assistance provided by federal agencies in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, or direct appropriations, including noncash assistance.
 - b. We have identified the requirements governing political activity, the Davis–Bacon Act, civil rights, cash management, federal financial reports, allowable costs/cost principles, Drug-Free Workplace Act, and administrative requirements over federal awards.
 - c. We have identified the requirements governing types of services allowed or not allowed; eligibility; matching, level of effort, or earmarking; reporting; claims for advances and

reimbursements; and amounts claimed or used for matching that are applicable to major federal awards programs.

- d. We have complied, in all material respects, with the requirements in connection with federal awards.
- e. Information presented in federal financial reports and claims for advances and reimbursements is supported by the books and records from which the basic financial statements have been prepared.
- f. Amounts claimed for reimbursement or used for matching were determined in accordance with requirements of the Office of Management and Budget and agency requirements.
- g. We have monitored subrecipients to determine that the subrecipients expend financial assistance in accordance with applicable laws and regulations, and have met the requirements of OMB Circular A-133 or other applicable federal audit requirements.
- h. We have taken appropriate corrective action on a timely basis after receipt of a subrecipient's auditor's report that identifies noncompliance with federal laws and regulations.
- i. We have considered the results of the subrecipient's audits and made any necessary adjustments to the organization's own books and records.
- j. We have identified and disclosed to you all amounts questioned, as well as known violations of requirements that, if not complied with, could have a material effect on a major federal award programs, and any other known noncompliance with the specific and general requirements of federal awards.
- k. We are responsible for complying with the requirements in OMB Circular A-133.
- l. We have disclosed whether, subsequent to the date as of which compliance is audited, any changes in the internal control structure or other factors that might significantly affect the internal control structure, including any corrective action taken with regard to reportable conditions (including material weaknesses), have occurred.

Robert P. McFarland
Chief Executive Officer

**NEW ORLEANS EDUCATIONAL TALENT SEARCH PROGRAM, INC.
4215 SOUTH CLAIBORNE AVENUE
NEW ORLEANS, LOUISIANA 70125
(504) 821-8844**

CORRECTIVE ACTION PLAN

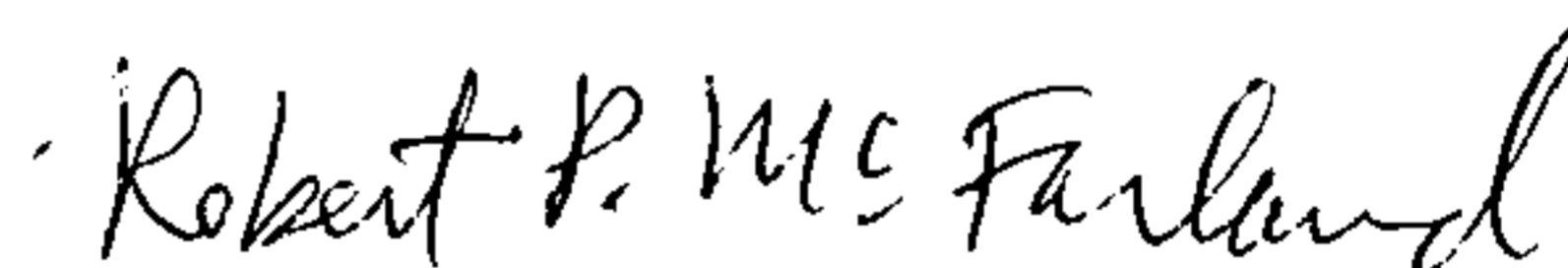
December 30, 1999

Office of Legislative Auditor
State of Louisiana
1600 North Third Street
P.O. Box 94397
Baton Rouge, La. 70804-9397

In an effort to respond to the auditor's findings and recommendations, we have implemented the following the procedures to prevent such recurrences,

- 1.) We have engaged an outside accounting firm, CLW and Associates, to maintain our accounting records and began arrangements for timely tax filing and payment. This will enable us to keep our records promptly recorded and reconciled, and to ensure compliance with existing contracts.
- 2.) We are in the process of establishing multiple checking accounts are specifically assigned to individual programs to prevent any conflicts or the appearance of any internal control difficulties in the management of funds.

Respectfully Yours,



Robert P. McFarland
Executive Director