

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable condition that are also considered to be material weakness as defined above.

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



Charles F. Webb
Certified Public Accountant

August 16, 1996

**REPORT ON INTERNAL CONTROL STRUCTURE USED IN
ADMINISTERING FEDERAL AWARDS**

To the Board of Directors
Dr. Murphy W. McCaleb Educational Fund, Inc.
2410-B Erato Street
New Orleans, LA 70113

I have audited the basic financial statements of Dr. Murphy W. McCaleb Educational Fund, Inc., as of and for the years ended December 31, 1994 and December 31, 1995, and have issued my report thereon dated August 16, 1996.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-133, Audits of Institutions of Higher Education and Other Non-profit Institutions. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether Dr. Murphy W. McCaleb Educational Fund, Inc. complied with laws and regulations, noncompliance with which would be material to a major federal program.

In planning and performing my audit for the years ended December 31, 1995, I considered Dr. Murphy W. McCaleb Educational Fund, Inc. control structure in order to determine my auditing procedures for the purpose of expressing my opinion on Dr. Murphy W. McCaleb Educational Fund, Inc. financial statements and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal programs. I have addressed policies and procedures relevant to my audit of the financial statements in a separate report dated August 16, 1996.

The management of Dr. Murphy W. McCaleb Educational Fund, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsible, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal awards programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may

nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, I have classified the significant internal control structure policies and procedures used in administering federal programs in the following categories:

Accounting Applications

1. Billings (in regards to reimbursement request)
2. Cash Receipts
3. Cash Disbursements
4. Revenues and Receivable
5. Purchasing
6. Payroll
7. Property and Equipment

Controls used in Administering Federal Programs

General Requirements

- . Political Activity
- . Civil Rights
- . Cash Management
- . Federal Financial Reports
- . Drug Free Workplace

Specific Requirements

- . Types of Services
- . Eligibility of Cost
- . Cost Allocation
- . Cost Incurred in Approved Period
- . Grant Budgets and Revisions

For all of the internal control structure categories listed above, I obtained an understanding of the design of relevant policies and procedures and whether they have been place in operation, and I assessed control risk.

During the years ended December 31, 1995, Dr. Murphy W. McCaleb Educational Fund, Inc., expended 100% of its total federal awards under non-major programs.

I performed tests of control as required by OMB Circular A-133 to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data in a manner that is consistent with the assertions of management in the financial statements.

REPORTABLE CONDITION

Cash Management

The organization maintained cash checking accounts for seven and two savings accounts of the contracts which it administered, during the year ending December 31, 1994. Further, during the year ending December 31, 1995, the organization maintained eight checking accounts and three savings accounts for its programs.

The contracts required that all reimbursements be deposited into the appropriate accounts for accountability. There were three occurrences noted during the year ending December 31, 1994 in which deposits were made directly to the organization general fund checking or savings account, and not into the appropriate program account. Also, during the year ending December 31, 1995, there were two occurrences in which reimbursement deposits were made to accounts other than the appropriate checking account.

Further, the organization maintained a ledger which was used to record all checks and receipts received for reimbursements, donations, refunds, etc.. The ledger is used as part of the organization's internal control procedures, and contains a log of all receipts, the date received, a copy of the check or other document and the source of the receipts. The ledger is to be maintained by the person responsible for recording all incoming receipts. An examination of the ledger indicated that the ledger was not properly maintained during the years ending December 31, 1994 and 1995.

Reporting

The organization requested reimbursement for cost in the operations of the programs via a cost control report or approved invoicing. A comparison of the cost reports to the cognizant agencies and the general ledger reflected that on occasion the general ledger balances were not in agreement with the requests for reimbursement. Further examination indicated that necessary adjustments which should have been made to the general ledger due to various posting errors had not been made as of the end of the accounting cycle. Cost reported was in agreement with actual expenditures.

Fixed Assets

The organization did not have a fully detailed listing of the fixed assets. Further, the organization did not perform an annual inventory of fixed assets on hand for any of the years under audit.


Interest

Interest earned on program accounts are to be reported on the monthly reports for programs contracted. The organization received interest on two program in the amount of \$3255 for the year ended December, 1994 and \$2070 for year ended December, 1995. The interest was not reported during the regular reporting period.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable condition that are also considered to be material weakness as defined above.

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


Charles F. Webb
Certified Public Accountant

August 16, 1996

COMPLIANCE REPORTS

**REPORT ON COMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND
GRANTS BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Dr. Murphy W. McCaleb Educational Fund, Inc.
2410-B Erato Street
New Orleans, LA 70113

I have audited the basic financial statements of Dr. Murphy W. McCaleb Educational Fund, Inc., as of and for the years ended December 31, 1995, and have issued my report thereon dated August 16, 1996.

I 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 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

Compliance with laws, regulations, contracts, and grants applicable to Dr. Murphy W. McCaleb Educational Fund, Inc.'s is the responsibility of Dr. Murphy W. McCaleb Educational Fund, Inc. management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of Dr. Murphy W. McCaleb Educational Fund, Inc.'s compliance with certain provisions of laws, regulations, contracts and grants. However, my objective was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

Material instances of noncompliance are failures to follow requirements, or violations of prohibitions, contained in laws, regulations, contracts, on grants that cause us to conclude that the aggregation of the misstatement resulting from those failures on violations is material to the financial statements. The results of our test of compliance disclosed the following material instances of noncompliance.

Reporting

The audit report for Dr. Murphy W. McCaleb Educational Fund, Inc. for the period ending December 31, 1994 and December 31, 1995 was not submitted within six months of the close of the entity's fiscal years as required by Louisiana Revised Statue 24:513.

Interest

Interest earned on program accounts are to be reported on the monthly reports for

programs contracted. The organization received interest on two program in the amount of \$3255 for the year ended December, 1994 and \$2070 for year ended December, 1995. The interest was not reported during the regular reporting period.

This report is intended for the information of the Board of Directors, management and the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Charles F. Webb
Certified Public Accountant

August 16, 1996

CHARLES F. WEBB

CERTIFIED PUBLIC ACCOUNTANT

REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENT APPLICABLE TO
NON-MAJOR PROGRAM TRANSACTION

To the Board of Directors
Dr. Murphy W. McCaleb Educational Fund, Inc.
2410-B Erato Street
New Orleans, LA 70113

I have audited the basic financial statements of Dr. Murphy W. McCaleb Educational Fund, Inc., as of and for the years ended December 31, 1995, and have issued my report thereon dated August 16, 1996.

In connection with my audit of the December 31, 1995 financial statements of Dr. Murphy W. McCaleb Educational Fund, Inc. and with my study and evaluation of the agencies internal control structure used to administer federal programs, as required by Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Non-Profit Organizations," I selected certain transactions applicable to certain non-major federal financial assistance programs for the years ended December 31, 1995. As required by circular A-133, I have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and eligibility that are applicable to those transactions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Agency's compliance with these requirements. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with requirements listed in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that Dr. Murphy W. McCaleb Educational Fund, Inc. had not complied, in all material respects, with those requirements.

This report is intended for the information of the Board of Directors, management and the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Charles F. Webb
Certified Public Accountant

August 16, 1996

SUPPLEMENTARY INFORMATION

Murphy W. McCaleb
Education Fund Inc.
Schedule of Federal Awards
For the Year Ended December 31, 1994

| Federal Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | Agency or Pass through Number | Federal Exp |
|---|---------------------------|--|-------------------------|
| U.S Department of Health and Human Services | | | |
| Pass-through From State of Louisiana | | | |
| Department of Social Services | | | |
| Project Independence | 93.561 | 3354280 | \$49,328 |
| Target Cities | 13.992 | 53572 | <u>16,335</u> |
| Subtotal | | | <u>65,663</u> |
| Department of Education | | | |
| Referral Center | 13.665 | | 99,764 |
| U.S. Department of Housing and Urban Development | | | |
| Pass-through From City of New Orleans | | | |
| Office of Education and Training Development, Comunity Development Block Grant | | | |
| McCaleb Education Program | 14.218 | CD 50-082 | 25,000 |
| R.O.C.K. Summer Program | 14.218 | CD 50-105(92) | <u>23,331</u> |
| Subtotal | | | <u>48,331</u> |
| U.S. Department of Education | | | |
| Pass-through From State of Louisiana | | | |
| Department of Education | | | |
| Carl D Perkins Fund | 15.777 | N/A | <u>12,300</u> |
| Subtotal | | | <u>12,300</u> |
| Total | | | <u><u>\$226,058</u></u> |

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DR. MURPHY W. McCALEB EDUCATIONAL FUND, INC.
2410-B ERATO STREET
NEW ORLEANS, LA 70113

AUDIT OF FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 1994 AND DECEMBER 31, 1995

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
~~CHARLES F. WEBB~~
CERTIFIED PUBLIC ACCOUNTANT
616 BARONNE STREET - STE. 203
NEW ORLEANS, LA 70113
(504) 529-2220

DR. MURPHY W. McCALEB EDUCATIONAL FUND, INC.
NEW ORLEANS, LA 70113

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CHARLES F. WEBB

CERTIFIED PUBLIC ACCOUNTANT

REPORT ON BASIC FINANCIAL STATEMENTS AND SCHEDULE OF FEDERAL AWARDS

To the Board of Director
Dr. Murphy W. McCaleb Educational Fund, Inc.
2410-B Erato Street
New Orleans, LA 70113

I have audited the accompanying balance sheet of Dr. Murphy W. McCaleb Educational Fund, Inc. as of December 31, 1994 and December 31, 1995, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Dr. Murphy W. McCaleb Educational Fund, Inc. management. My responsibility is to express an opinion on these financial statements based on my audit.

The organization has not properly recorded property and equipment in a fixed asset ledger. Because of the inadequacy of accounting records for the years ending December 31, 1994 and December 31, 1995, I was unable to form an opinion regarding the amounts at which property and equipment and accumulated depreciation are recorded in the accompanying balance sheet at December 31, 1994 (stated at \$38,148 and \$15,262 , respectively) and December 31, 1995 (stated at \$39,877 and \$23,237 respectively), and the amount of depreciation expense for the years then ended (stated at \$ 7,630 and \$7,975).

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the records concerning property and equipment and related accumulated depreciation been adequate, the financial statements referred to in the first paragraph present fairly the financial position of the Dr. Murphy W. McCaleb Educational Fund, Inc. as of December 31, 1994 and 1995, and the results of its operations and the change in fund balance for the years then ended in conformity with generally accepted accounting principals applied on a basis consistent with that of the preceding year.

In accordance with Government Auditing Standards, I have issued a report dated April 30, 1996 on my consideration of Dr. Murphy W. McCaleb Educational Fund, Inc.'s internal control structure and report dated April 30, 1996 on compliance with laws and regulation.

My audit was made for the purpose of forming an opinion on the basic financial statement of Dr. Murphy W. McCaleb Educational Fund, Inc. taken as a whole. The accompanying Schedule of Federal Awards for the years ended December 31, 1994 and December 31, 1995 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.



Charles F. Webb
Certified Public Accountant

August 16, 1996

FINANCIAL STATEMENTS

Dr. Murphy W. McCaleb
 Educational Fund, Inc.
 Balance Sheet
 December 31, 1994

| | Assets | |
|------------------------------------|-----------|-----------|
| Current Assets | | |
| Cash | \$163,365 | |
| Grants Receivable | 24,600 | |
| Contracts Receivable | 71,487 | |
| Due From Other Programs | 54,493 | |
| Total Current Assets | | \$313,945 |
| Property & Equipment | | |
| Buildings | 83,149 | |
| Office Equipment | 38,148 | |
| Less: Accumulated Depreciation | (15,262) | |
| Total Property & Equipment | | 106,035 |
| Other Assets | | |
| Deposits | 350 | |
| Total Other Expenses | | 350 |
| Total Assets | | \$420,330 |
| Liabilities and Fund Balance | | |
| Liabilities | | |
| Current Liabilities | | |
| Accounts Payable | \$4,522 | |
| Payroll Taxes Payable | 5,469 | |
| Wages Payable | 7,920 | |
| Due To General Fund | 54,493 | |
| Deferred Revenue | 160,639 | |
| Total Current Liabilities | | \$233,043 |
| Fund Balance | | |
| Fund Balance Restricted | 36,571 | |
| Fund Balance Unrestricted | 44,680 | |
| Fund Balance Property | 106,036 | |
| Total Fund Balance | | 187,287 |
| Total Liabilities and Fund Balance | | \$420,330 |

Dr. Murphy W. McCaleb
Educational Fund, Inc.
Balance Sheet
December 31, 1995

| | | |
|------------------------------------|----------|------------------|
| Assets | | |
| Current Assets | | |
| Cash | \$33,926 | |
| Contracts Receivable | 112,865 | |
| Due From Other Programs | 93,636 | |
| Total Current Assets | | \$240,427 |
| Property & Equipment | | |
| Buildings | 176,273 | |
| Office Equipment | 39,877 | |
| Less: Accumulated Depreciation | (23,237) | |
| Total Property & Equipment | | 192,913 |
| Other Assets | | |
| Deposits | 350 | |
| Total Other Expenses | | 350 |
| Total Assets | | <u>\$433,690</u> |
| Liabilities and Fund Balance | | |
| Liabilities | | |
| Current Liabilities | | |
| Accounts Payable | \$260 | |
| Payroll Taxes Payable | 1,557 | |
| Due To General Fund | 93,636 | |
| Notes Payable | 18,201 | |
| Deferred Revenue | 34,638 | |
| Total Current Liabilities | | \$148,292 |
| Fund Balance | | |
| Fund Balance Restricted | 37,919 | |
| Fund Balance Unrestricted | 54,566 | |
| Fund Balance Property | 192,913 | |
| Total Fund Balance | | 285,398 |
| Total Liabilities and Fund Balance | | <u>\$433,690</u> |

McCaleb Educational Fund
Statement of Revenues and Expenses
December 31, 1994

| | Unrestricted | Restricted | Total |
|-------------------------------------|------------------|------------------|------------------|
| Revenue | | | |
| Grants | \$0 | \$30,967 | \$30,967 |
| Contracts | 0 | 360,222 | 360,222 |
| Contributions | 200 | 0 | 200 |
| Interest Income | 732 | 3,256 | 3,988 |
| Revenue | <u>27,705</u> | <u>0</u> | <u>27,705</u> |
| Total Revenue | <u>\$28,637</u> | <u>\$394,445</u> | <u>\$423,082</u> |
| Expenses: | | | |
| Administrative and General | \$15,473 | \$0 | \$15,473 |
| Program Services | <u>0</u> | <u>357,874</u> | <u>357,874</u> |
| Total Expenses | <u>15,473</u> | <u>357,874</u> | <u>373,347</u> |
| Excess Revenue over Expenses | <u>13,164</u> | <u>36,571</u> | <u>49,735</u> |
| Fund Balance, Jan 1, 1994 | 108,267 | 0 | 108,267 |
| Add: Property & Equipment | 36,915 | 0 | 36,915 |
| Less: Depreciation | (7,630) | | (7,630) |
| Fund Balance, Dec 31, 1994 | <u>\$150,716</u> | <u>\$36,571</u> | <u>\$187,287</u> |

Dr. Murphy W. McCaleb
 Educational Fund
 Statement of Revenues and Expenses
 December 31, 1995

| | Unrestricted | Restricted | Total |
|---------------------------------|------------------|------------------|------------------|
| Revenue | | | |
| Grants | \$0 | \$18,633 | \$18,633 |
| Contracts | 0 | 491,265 | 491,265 |
| Contributions | 140 | 0 | 140 |
| Interest Income | 365 | 2,069 | 2,434 |
| Revenue | 20,692 | 0 | 20,692 |
| Total Revenue | <u>\$21,197</u> | <u>\$511,967</u> | <u>\$533,164</u> |
| Expenses: | | | |
| Administrative and General | \$11,312 | \$0 | \$11,312 |
| Program Services | 0 | 510,618 | 510,618 |
| Total Expenses | <u>11,312</u> | <u>510,618</u> | <u>521,930</u> |
| Excess Revenue over Expenses | <u>9,885</u> | <u>1,349</u> | <u>11,234</u> |
| Fund Balance, Jan 1, 1995 | 150,716 | 36,570 | 187,286 |
| Add: Property and Equipment | 94,853 | 0 | 94,853 |
| Less: Depreciation | (7,975) | | (7,975) |
| Fund Balance, Dec 31, 1995 | <u>\$247,479</u> | <u>\$37,919</u> | <u>\$285,398</u> |

Dr. Murphy W. McCaleb Educational Fund, Inc.
Statement of Revenue and Support
For The Year Ended
December 31, 1994

| | General Fund | CDBG ROCK | CDBG AfterSchool |
|-------------------------------|-----------------|-----------------|---------------------|
| Grants | \$0 | \$0 | \$0 |
| Contracts | | 23,331 | 25,000 |
| Contributions | 200 | | |
| Interest Income | 732 | | |
| Revenue | 27,705 | | |
| | <u>\$28,637</u> | <u>\$23,331</u> | <u>\$25,000</u> |
| EXPENSES | | | |
| Salaries & Wages | 0 | 9,900 | 20,624 |
| Fringe Benefits | 22 | 1,980 | 4,125 |
| Accounting | | | |
| Contractual Services | | 10,431 | |
| Rents & Leases | 185 | | |
| Utilities | | | |
| Building Maintenance | 38 | | |
| Office Supplies | 81 | 320 | |
| Program Supplies | 50 | | 251 |
| Facility Supplies | 298 | | |
| Food Supplies | 250 | | |
| Travel-Local | 2,591 | | |
| Travel-Other | 301 | | |
| Conferences & Seminars | 995 | | |
| Property & Equipment | 1,652 | | |
| Property & Equip, Not Capital | 87 | | |
| Repairs & Maintenance | 4,082 | | |
| Bank Fees | 245 | | |
| Dues & Subscriptions | 1,108 | | |
| Insurance | 1,326 | 700 | |
| Printing & Photography | 116 | | |
| Postage & Freight | 210 | | |
| Telephone | 1,243 | | |
| Pagers & Cellular Service | 55 | | |
| Participant Incentives | 112 | | |
| Stipends | 0 | | |
| Board Meetings | 426 | | |
| Indirect Costs | 0 | | |
| Student Activities | 0 | | |
| Training | 0 | | |
| Total Expenses | <u>15,473</u> | <u>23,331</u> | <u>25,000</u> |
| Surplus(Dificient) | <u>\$13,164</u> | <u>\$0</u> | <u>\$0</u> |

Dr. Murphy W. McCaleb Educational Fund, Inc.
Statement of Revenue and Support
For The Year Ended
December 31, 1994

| | Project Independence | Referral Center | NHIF |
|-------------------------------|-------------------------|--------------------|-----------------|
| Grants | \$0 | \$0 | \$0 |
| Contracts | 49,329 | 99,759 | 48,509 |
| Contributions | | | |
| Interest Income | 25 | | 3,230 |
| Revenue | <u>\$49,354</u> | <u>\$99,759</u> | <u>\$51,739</u> |
| EXPENSES | | | |
| Salaries & Wages | 30,000 | 62,284 | 15,547 |
| Fringe Benefits | 4,635 | 4,109 | 3,405 |
| Accounting | 3,000 | | |
| Contractual Services | | | 8,642 |
| Rents & Leases | 7,800 | | |
| Utilities | 750 | | |
| Building Maintenance | | | |
| Office Supplies | 1,403 | | |
| Program Supplies | 953 | 8,918 | |
| Facility Supplies | | | |
| Food Supplies | | 5,216 | |
| Travel—Local | | | |
| Travel—Other | | | |
| Conferences & Seminars | | | |
| Property & Equipment | | 5,002 | 9,532 |
| Property & Equip, Not Capital | | | |
| Repairs & Maintenance | | | 10,975 |
| Bank Fees | | | |
| Dues & Subscriptions | 68 | | |
| Insurance | | | |
| Printing & Photography | 175 | | |
| Postage & Freight | 156 | | |
| Telephone | 388 | | |
| Pagers & Cellular Service | | | |
| Participant Incentives | | | |
| Stipends | | | |
| Board Meetings | | | |
| Indirect Costs | | 8,600 | |
| Student Activities | | 1,635 | |
| Training | | 4,000 | |
| Total Expenses | <u>49,328</u> | <u>99,764</u> | <u>48,101</u> |
| Surplus(Dificient) | <u>\$26</u> | <u>(\$5)</u> | <u>\$3,638</u> |

Dr. Murphy W. McCaleb Educational Fund, Inc.
Statement of Revenue and Support
For The Year Ended
December 31, 1994

| | SESG007 | Carl Perkins | State ROCK |
|-------------------------------|------------|-----------------|---------------|
| Grants | \$0 | \$0 | \$0 |
| Contracts | 875 | 13,006 | 14,702 |
| Contributions | | | |
| Interest Income | | | |
| Revenue | <u>875</u> | <u>13,006</u> | <u>14,702</u> |
| EXPENSES | | | |
| Salaries & Wages | 875 | 6,680 | 2,750 |
| Fringe Benefits | | 1,074 | 550 |
| Accounting | | | |
| Contractual Services | | 1,800 | 5,560 |
| Rents & Leases | | | |
| Utilities | | | |
| Building Maintenance | | | |
| Office Supplies | | 415 | |
| Program Supplies | | 1,778 | |
| Facility Supplies | | | |
| Food Supplies | | | 2,162 |
| Travel—Local | | | 2,000 |
| Travel—Other | | | |
| Conferences & Seminars | | | |
| Property & Equipment | | | |
| Property & Equip, Not Capital | | | |
| Repairs & Maintenance | | 60 | |
| Bank Fees | | | |
| Dues & Subscriptions | | | |
| Insurance | | | |
| Printing & Photography | | | |
| Postage & Freight | | | |
| Telephone | | | |
| Pagers & Cellular Service | | | |
| Participant Incentives | | | |
| Stipends | | 1,200 | |
| Board Meetings | | | |
| Indirect Costs | | | |
| Student Activities | | | 1,680 |
| Training | | | |
| Total Expenses | <u>875</u> | <u>13,007</u> | <u>14,702</u> |
| Surplus(Dificient) | <u>\$0</u> | <u>(\$1)</u> | <u>\$0</u> |

Dr. Murphy W. McCaleb Educational Fund, Inc.
Statement of Revenue and Support
For The Year Ended
December 31, 1994

| | Wisner Fund | Target Cities | Ryan White |
|-------------------------------|-----------------|------------------|-----------------|
| Grants | \$0 | \$0 | |
| Contracts | 56,000 | 16,335 | 13,376 |
| Contributions | | | |
| Interest Income | | | |
| Revenue | <u>\$56,000</u> | <u>\$16,335</u> | <u>\$13,376</u> |
| EXPENSES | | | |
| Salaries & Wages | | 8,892 | 6,750.00 |
| Fringe Benefits | | 1,778 | 650.00 |
| Accounting | | 740 | |
| Contractual Services | 5,648 | | 1,000.00 |
| Rents & Leases | | 4,000 | 2,700.00 |
| Utilities | | | |
| Building Maintenance | | | |
| Office Supplies | 242 | | 885.00 |
| Program Supplies | | | |
| Facility Supplies | | | |
| Food Supplies | 925 | 205 | |
| Travel—Local | 8 | 73 | 489.00 |
| Travel—Other | 2,708 | 647 | |
| Conferences & Seminars | 7,290 | | 102.00 |
| Property & Equipment | 280 | | |
| Property & Equip, Not Capital | | | |
| Repairs & Maintenance | | | |
| Bank Fees | | | |
| Dues & Subscriptions | | | |
| Insurance | | | |
| Printing & Photography | 32 | | |
| Postage & Freight | 295 | | |
| Telephone | | | 300.00 |
| Pagers & Cellular Service | | | |
| Participant Incentives | | | |
| Stipends | | | |
| Board Meetings | | | |
| Indirect Costs | 5,600 | | |
| Student Activities | | | |
| Training | 60 | | 500.00 |
| Total Expenses | <u>23,088</u> | <u>16,335</u> | <u>13,376</u> |
| Surplus(Dificient) | <u>\$32,912</u> | <u>\$0</u> | <u>\$0</u> |

Dr. Murphy W. McCaleb Educational Fund, Inc.
Statement of Revenue and Support
For The Year Ended
December 31, 1994

| | Family Preservation (Univ of Maine) | Lupin | Total |
|-------------------------------|---|-----------------|------------------|
| Grants | \$5,967 | \$25,000 | \$30,967 |
| Contracts | | | 360,222 |
| Contributions | | | 200 |
| Interest Income | | | 3,987 |
| Revenue | | | 27,705 |
| | <u>\$5,967</u> | <u>\$25,000</u> | <u>\$423,081</u> |
| EXPENSES | | | |
| Salaries & Wages | | | 164,302 |
| Fringe Benefits | | | 22,328 |
| Accounting | | | 3,740 |
| Contractual Services | 3,967 | | 37,048 |
| Rents & Leases | | 5,000 | 19,685 |
| Utilities | | | 750 |
| Building Maintenance | | | 38 |
| Office Supplies | 128 | | 3,474 |
| Program Supplies | 109 | | 12,059 |
| Facility Supplies | | | 298 |
| Food Supplies | 420 | | 9,178 |
| Travel—Local | 545 | | 5,706 |
| Travel—Other | 220 | | 3,876 |
| Conferences & Seminars | 112 | | 8,499 |
| Property & Equipment | | 832 | 17,298 |
| Property & Equip, Not Capital | | | 87 |
| Repairs & Maintenance | | 19,168 | 34,285 |
| Bank Fees | | | 245 |
| Dues & Subscriptions | | | 1,176 |
| Insurance | | | 2,026 |
| Printing & Photography | | | 323 |
| Postage & Freight | 156 | | 817 |
| Telephone | | | 1,931 |
| Pagers & Cellular Service | 310 | | 365 |
| Participant Incentives | | | 112 |
| Stipends | | | 1,200 |
| Board Meetings | | | 426 |
| Indirect Costs | | | 14,200 |
| Student Activities | | | 3,315 |
| Training | | | 4,560 |
| Total Expenses | <u>5,967</u> | <u>25,000</u> | <u>373,347</u> |
| Surplus(Dificient) | <u>\$0</u> | <u>\$0</u> | <u>\$49,734</u> |

Dr. Murphy W. McCaleb Educational Fund, Inc.
Statement of Revenue and Support
For The Year Ended
December 31, 1995

| | General Fund | CDBG ROCK |
|-------------------------------|-----------------|-----------------|
| Grants | \$0 | \$0 |
| Contracts | | 24,640 |
| Contributions | 140 | |
| Interest Income | 365 | |
| Miscellaneous Income | 20,692 | |
| | <u>\$21,197</u> | <u>\$24,640</u> |
| EXPENSES | | |
| Salaries & Wages | 0 | 9,900 |
| Fringe Benefits | 1,631 | 1,630 |
| Accounting | 1,910 | 2,500 |
| Contractual Services | 215 | 9,850 |
| Rents & Leases | 398 | |
| Utilities | 212 | |
| Building Maintenance | 35 | |
| Office Supplies | 157 | 280 |
| Program Supplies | 102 | |
| Facility Supplies | | |
| Food Supplies | 57 | |
| Travel—Local | 591 | |
| Travel—Other | | |
| Conferences & Seminars | | |
| Property & Equipment | | |
| Property & Equip, Not Capital | 240 | |
| Repairs & Maintenance | | |
| Bank Fees | 164 | |
| Dues & Subscriptions | 773 | |
| Insurance | | |
| Printing & Photography | | |
| Postage & Freight | | |
| Telephone | 896 | 180 |
| Pagers & Cellular Service | | |
| Participant Incentives | | |
| Stipends | 1,751 | |
| Board Meetings | | |
| Indirect Costs | 700 | |
| Student Activities | 390 | 300 |
| Training | 1,090 | |
| Total Expenses | <u>11,312</u> | <u>24,640</u> |
| Surplus(Dificient) | <u>\$9,885</u> | <u>\$0</u> |

Dr. Murphy W. McCaleb Educational Fund, Inc.
Statement of Revenue and Support
For The Year Ended
December 31, 1995

| | CDBG AfterSchool | Project Independence | Referral Center |
|-------------------------------|---------------------|-------------------------|--------------------|
| Grants | \$0 | \$0 | \$0 |
| Contracts | 22,043 | 47,260 | 184,447 |
| Contributions | | | |
| Interest Income | | 24 | |
| Miscellaneous Income | | | |
| | <u>\$22,043</u> | <u>\$47,284</u> | <u>\$184,447</u> |
| EXPENSES | | | |
| Salaries & Wages | 17,370 | 28,901 | 112,899 |
| Fringe Benefits | 2,711 | 4,193 | 10,866 |
| Accounting | | 2,700 | |
| Contractual Services | 87 | | 26,200 |
| Rents & Leases | | 8,025 | |
| Utilities | | 1,675 | |
| Building Maintenance | | | |
| Office Supplies | 165 | 928 | |
| Program Supplies | 300 | | 29,139 |
| Facility Supplies | 300 | | |
| Food Supplies | 200 | | |
| Travel—Local | 225 | | |
| Travel—Other | | | |
| Conferences & Seminars | | | |
| Property & Equipment | | | |
| Property & Equip, Not Capital | 157 | | |
| Repairs & Maintenance | | | |
| Bank Fees | | | |
| Dues & Subscriptions | | | |
| Insurance | | | |
| Printing & Photography | | 300 | |
| Postage & Freight | | 97 | |
| Telephone | 168 | 440 | |
| Pagers & Cellular Service | | | |
| Participant Incentives | | | |
| Stipends | | | |
| Board Meetings | | | |
| Indirect Costs | | | 5,343 |
| Student Activities | 210 | | |
| Training | 150 | | |
| Total Expenses | <u>22,043</u> | <u>47,259</u> | <u>184,447</u> |
| Surplus(Dificient) | <u>\$0</u> | <u>\$25</u> | <u>\$0</u> |

Dr. Murphy W. McCaleb Educational Fund, Inc.
Statement of Revenue and Support
For The Year Ended
December 31, 1995

| | NHIF | SESG007 |
|-------------------------------|-----------------|----------------|
| Grants | \$0 | \$0 |
| Contracts | 86,566 | 9,045 |
| Contributions | | |
| Interest Income | 2,046 | |
| Miscellaneous Income | | |
| | <u>\$88,612</u> | <u>\$9,045</u> |
| EXPENSES | | |
| Salaries & Wages | 0 | 7,070 |
| Fringe Benefits | | |
| Accounting | | |
| Contractual Services | 86,566 | |
| Rents & Leases | | 1,975 |
| Utilities | | |
| Building Maintenance | | |
| Office Supplies | | |
| Program Supplies | | |
| Facility Supplies | | |
| Food Supplies | | |
| Travel—Local | | |
| Travel—Other | | |
| Conferences & Seminars | | |
| Property & Equipment | | |
| Property & Equip, Not Capital | | |
| Repairs & Maintenance | | |
| Bank Fees | | |
| Dues & Subscriptions | | |
| Insurance | | |
| Printing & Photography | | |
| Postage & Freight | | |
| Telephone | | |
| Pagers & Cellular Service | | |
| Participant Incentives | | |
| Stipends | | |
| Board Meetings | | |
| Indirect Costs | | |
| Student Activities | | |
| Training | | |
| Total Expenses | <u>86,566</u> | <u>9,045</u> |
| Surplus(Dificient) | <u>\$2,046</u> | <u>\$0</u> |

Dr. Murphy W. McCaleb Educational Fund, Inc.
Statement of Revenue and Support
For The Year Ended
December 31, 1995

| | SESG008 | Carl Perkins | State ROCK |
|-------------------------------|----------------|-----------------|-----------------|
| Grants | \$0 | \$0 | \$0 |
| Contracts | 7,535 | 11,067 | 12,169 |
| Contributions | | | |
| Interest Income | | | |
| Miscellaneous Income | | | |
| | <u>\$7,535</u> | <u>\$11,067</u> | <u>\$12,169</u> |
| EXPENSES | | | |
| Salaries & Wages | 1,820 | 7,409 | 3,375 |
| Fringe Benefits | | 1,111 | 316 |
| Accounting | | | 600 |
| Contractual Services | | | 3,500 |
| Rents & Leases | 5,715 | 1,547 | |
| Utilities | | | |
| Building Maintenance | | | |
| Office Supplies | | | |
| Program Supplies | | 1,000 | 1,481 |
| Facility Supplies | | | |
| Food Supplies | | | |
| Travel—Local | | | 999 |
| Travel—Other | | | |
| Conferences & Seminars | | | |
| Property & Equipment | | | |
| Property & Equip, Not Capital | | | |
| Repairs & Maintenance | | | |
| Bank Fees | | | |
| Dues & Subscriptions | | | |
| Insurance | | | 312 |
| Printing & Photography | | | 258 |
| Postage & Freight | | | 33 |
| Telephone | | | 100 |
| Pagers & Cellular Service | | | |
| Participant Incentives | | | |
| Stipends | | | |
| Board Meetings | | | |
| Indirect Costs | | | |
| Student Activities | | | 1,195 |
| Training | | | |
| Total Expenses | <u>7,535</u> | <u>11,067</u> | <u>12,169</u> |
| Surplus(Dificient) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

Dr. Murphy W. McCaleb Educational Fund, Inc.
Statement of Revenue and Support
For The Year Ended
December 31, 1995

| | Shelter Plus | Target Cities |
|-------------------------------|------------------|------------------|
| Grants | \$0 | \$0 |
| Contracts | | 58,730 |
| Contributions | | |
| Interest Income | | |
| Miscellaneous Income | | |
| | <u>\$0</u> | <u>\$58,730</u> |
| EXPENSES | | |
| Salaries & Wages | 0 | 22,139 |
| Fringe Benefits | | 3,651 |
| Accounting | | 1,226 |
| Contractual Services | | 1,800 |
| Rents & Leases | | 11,335 |
| Utilities | | 610 |
| Building Maintenance | | |
| Office Supplies | | 3,141 |
| Program Supplies | | |
| Facility Supplies | | |
| Food Supplies | | 632 |
| Travel—Local | | 746 |
| Travel—Other | | |
| Conferences & Seminars | | |
| Property & Equipment | | |
| Property & Equip, Not Capital | | |
| Repairs & Maintenance | 6,558 | |
| Bank Fees | | |
| Dues & Subscriptions | | |
| Insurance | | |
| Printing & Photography | | |
| Postage & Freight | | |
| Telephone | | 252 |
| Pagers & Cellular Service | | |
| Participant Incentives | | |
| Stipends | | |
| Board Meetings | | |
| Indirect Costs | | 13,198 |
| Student Activities | | |
| Training | | |
| Total Expenses | <u>6,558</u> | <u>58,730</u> |
| Surplus(Dificient) | <u>(\$6,558)</u> | <u>\$0</u> |

Dr. Murphy W. McCaleb Educational Fund, Inc.
Statement of Revenue and Support
For The Year Ended
December 31, 1995

| | Family Preservation | Ryan White | Total |
|-------------------------------|------------------------|-----------------|------------------|
| Grants | \$18,633 | \$0 | \$18,633 |
| Contracts | | 27,762 | 491,264 |
| Contributions | | | 140 |
| Interest Income | | | 2,435 |
| Miscellaneous Income | | | 20,692 |
| | <u>\$18,633</u> | <u>\$27,762</u> | <u>\$533,164</u> |
| EXPENSES | | | |
| Salaries & Wages | 0 | 11,277 | 222,160 |
| Fringe Benefits | | 1,882 | 27,991 |
| Accounting | | 2,500 | 11,436 |
| Contractual Services | 7,471 | 3,400 | 139,089 |
| Rents & Leases | | 2,373 | 31,368 |
| Utilities | | 394 | 2,891 |
| Building Maintenance | | | 35 |
| Office Supplies | | 1,781 | 6,452 |
| Program Supplies | 601 | 8 | 32,631 |
| Facility Supplies | | | 300 |
| Food Supplies | 700 | 150 | 1,739 |
| Travel—Local | 1,682 | | 4,243 |
| Travel—Other | | | 0 |
| Conferences & Seminars | | | 0 |
| Property & Equipment | | 1,728 | 1,728 |
| Property & Equip, Not Capital | | | 397 |
| Repairs & Maintenance | | | 6,558 |
| Bank Fees | | | 164 |
| Dues & Subscriptions | | | 773 |
| Insurance | | | 312 |
| Printing & Photography | 75 | 297 | 930 |
| Postage & Freight | 210 | | 340 |
| Telephone | 1,117 | 520 | 3,673 |
| Pagers & Cellular Service | 941 | | 941 |
| Participant Incentives | | | 0 |
| Stipends | | | 1,751 |
| Board Meetings | | | 0 |
| Indirect Costs | | 1,452 | 20,693 |
| Student Activities | | | 2,095 |
| Training | | | 1,240 |
| Total Expenses | <u>12,797</u> | <u>27,762</u> | <u>521,930</u> |
| Surplus(Dificient) | <u>\$5,836</u> | <u>\$0</u> | <u>\$11,234</u> |

Dr. Murphy W. McCaleb
 Educational Fund, Inc.
 Statement of Cash Flows
 For the Year Ended December 31, 1994

| | | |
|---|-------------------|-------------------------|
| Cash Flows from Operating Activities | | |
| Net Income | | \$49,735 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | \$15,262 | |
| Change in receivables | (115,302) | |
| Change in accounts payables | 4,522 | |
| Change in other current liabilities | 29,264 | |
| | <u> </u> | |
| Total Adjustments | | <u>(66,254)</u> |
| Net Cash Provided by Operating Activities | | (16,519) |
| Cash Flow from Investment Activities: | | |
| Investment in Fixed Assets | (44,546) | |
| Investment in Other Asset | (350) | |
| Net Cash Provided by Investment Activities | | (44,896) |
| Cash Flow from Financing Activities: | | |
| Deferred Revenues | 160,639 | |
| Property Addition | 29,285 | |
| Net Cash Provided by Financing Activities | | <u>189,924</u> |
| Net Increase(Decrease) in Cash | | 128,509 |
| Cash at Beginning of Period | | <u>34,856</u> |
| Cash at End of Period | | <u><u>\$163,365</u></u> |

Dr. Murphy W. McCaleb
 Educational Fund, Inc.
 Statement of Cash Flows
 For the Year Ended December 31, 1995

| | | |
|---|-------------------|------------------------|
| Cash Flows from Operating Activities | | |
| Net Income | | \$11,234 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | \$7,975 | |
| Change in receivables | (55,921) | |
| Change in accounts payables | (4,262) | |
| Change in other current liabilities | 27,311 | |
| | <u> </u> | |
| Total Adjustments | | <u>(24,897)</u> |
| Net Cash Provided by Operating Activities | | (13,663) |
| Cash Flow from Investment Activities: | | |
| Investment in Fixed Assets | (94,853) | |
| Net Cash Provided by Investment Activities | | (94,853) |
| Cash Flow from Financing Activities: | | |
| Deferred Revenues | (126,001) | |
| Property Addition | 86,877 | |
| Note Principle Payment | 18,201 | |
| Net Cash Provided by Financing Activities | | <u>(20,923)</u> |
| Net Increase(Decrease) in Cash | | (129,439) |
| Cash at Beginning of Period | | <u>163,365</u> |
| Cash at End of Period | | <u><u>\$33,926</u></u> |

**Dr. Murphy W. McCaleb Educational Fund.
NOTES TO FINANCIAL STATEMENTS**

Property

The purchase of furniture and equipment is recorded at cost. Depreciation is computed on the straight-line basis over the estimated useful life of the assets. All assets are estimated to have a useful life of 3 years. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$300.00.

NOTE B - PROPERTY AND DEPRECIATION

Depreciation of furniture and equipment is calculated on the straight-line basis over the estimated useful lives of the assets. The cost of such assets at December 31, 1994 and 1995 is as follows:

| | 1995 | 1994 |
|--------------------------------|---------------|---------------|
| Land and Building | \$ 83,149 | \$ 176,273 |
| Furniture & Equipment | 38,148 | 39,877 |
| Less: Accumulated Depreciation | <u>15,262</u> | <u>23,237</u> |
| | \$ 106,035 | \$ 192,913 |

Depreciation has not been recognized for the years ending December 31, 1994 and 1995. Property was purchased in November 1994 for renovation and eventual occupancy for the organization's shelter program. Renovations on this property was not completed until 1996, and accordingly, the property has not been depreciated because it was not placed into service during years under audit.

Donated property located at 1216 Magnolia Street was razed and is to be replaced with a newly constructed facility. At the end of the years December 31, 1994 and 1995, the property was only vacant lots.

NOTE C - CASH

At year end, the carrying amount of the Dr. Murphy W. McCaleb Educational Fund, Inc.'s deposits were as follows:

Dr. Murphy W. McCaleb Educational Fund.
NOTES TO FINANCIAL STATEMENTS
December 31, 1994 and 1995

| | 1994 | 1995 |
|------------------------|-----------|----------|
| Property fund checking | \$ 15,053 | \$4,856 |
| General fund checking | 7,180 | 13 |
| General fund saving | 16,536 | 240 |
| Program fund saving | 124,596 | 28,817 |
| Total | \$163,365 | \$33,926 |

NOTE D - AND CONTRACTS RECEIVABLE

The Organization received funding from certain cost reimbursements contract with the State of Louisiana and the City of New Orleans during the year ended December 31, 1994 and 1995. Further, at the end of the year ended December 31, 1994, the Organization received a grant from the University of Maine in the amount of \$24,600.00.

The balance of costs expended and not reimbursed at December 31, 1994 and 1995 are as follows:

| | 1994 | 1995 |
|---------------------------|----------|-----------|
| Project Independence | \$12,472 | \$ 7,203 |
| CDBG ROCK Program | 11,893 | 18,921 |
| CDBG After School Program | 6,506 | 17,328 |
| NO Referral Center | 28,404 | 25,038 |
| Target Cities | 4,929 | 18,900 |
| Ryan White | 6,408 | 9,791 |
| SESG007 | 875 | 10,062 |
| SESG008 | 0 | 5,622 |
| TOTAL | \$71,487 | \$112,865 |

Dr. Murphy W. McCaleb Educational Fund.
NOTES TO FINANCIAL STATEMENTS
December 31, 1994 and 1995

NOTE E - DONATED PROPERTY

The Organization received funding loan from the City of New Orleans through Community Development Block Grant Funds to purchase property located at 1216 Magnolia Street during April 1993. The cost of the purchase was \$54,000.00. The terms of the agreement indicated that the funding is in the form of a loan which does not have to be repaid under the condition that the property is used as a neighborhood based community service facility for a period of no less than 5 years.

Based on the conditions of the funding, a liability account for a mortgage payable has not been established. The property is listed as a donated asset and a part of the property fund balance.

NOTE E - DUE TO GENERAL FUND

Funds expended from the general fund of the Organization and used for the purpose of administering the cost reimbursement contracts which had not been reimbursed as of December 31, 1994 and 1995 are as follows:

| | 1994 | 1995 |
|--------------------------|-----------------|-----------------|
| Project Independence | \$18,405 | \$22,684 |
| CDBG ROCK Program | 8,950 | 10,076 |
| CDBG Educational Program | 14,861 | 16,897 |
| NO Referral Center | 5,835 | 1,014 |
| SESG007 | 875 | 9,920 |
| SESG008 | 0 | 7,535 |
| Family Preservation | 5,567 | 0 |
| Target Cities | 0 | 15,865 |
| Ryan White | 0 | 3,087 |
| Shelter Plus | 0 | 6,558 |
| Total | <u>\$54,493</u> | <u>\$93,636</u> |

Dr. Murphy W. McCaleb Educational Fund.
NOTES TO FINANCIAL STATEMENTS
December 31, 1994 and 1995

NOTE F - Notes Payable

Notes payable at December 31, 1995 consisted of the following:

Note Payable to Dryades Savings Bank with interest at 8.25 %, secured by vacant lots located on Magnolia Street, in New Orleans, Louisiana.

NOTE G - Deferred Revenue

Grant or contract awards received during the years ending December 31, 1994 and 1995 but not earned as of the end of the year were deferred to the following year as follows:

| | 1994 | 1995 |
|---------------------|-----------|----------|
| NHIF 006 | \$124,491 | \$34,638 |
| Family Preservation | 19,633 | |
| Wisner | 16,515 | |
| | \$160,639 | \$34,638 |

**REPORT ON THE INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GAS**

To the Board of Directors
Dr. Murphy W. McCaleb Educational Fund, Inc.
2410-B Erato Street
New Orleans, LA 70113

I have audited the financial statements of Dr. Murphy W. McCaleb Educational Fund, Inc. as of and for the years ended December 31, 1994 and December 1995, and have issued my report thereon dated August 16, 1996.

I 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 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Dr. Murphy W. McCaleb Educational Fund, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of basic financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the financial statements of Dr. Murphy W. McCaleb Educational Fund, Inc. for the years ended December 31, 1994 and December 1995, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the basic financial statements and not to provide assurance on the internal control structure.

For the purpose of this report, I have classified the significant internal control structure policies and procedures in the following categories:

Accounting Applications

1. Billings (in regards to reimbursement request)
2. Cash Receipts
3. Cash Disbursements
4. Revenues and Receivable
5. Purchasing
6. Payroll
7. Property and Equipment

Controls used in Administering Federal Programs

General Requirements

- . Political Activity
- . Civil Rights
- . Cash Management
- . Federal Financial Reports

Specific Requirements

- . Types of Services
- . Eligibility of Cost
- . Cost Allocation
- . Cost Incurred in Approved Period
- . Grant Budgets and Revisions

For all of the internal control categories listed above, I obtained an understanding of the design of relevant policies and procedure and whether they have been place in operation and I assessed control risk.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data in a manner that is consistent with the assertions of management in the financial statements.

REPORTABLE CONDITION

Cash Management

The organization maintained seven cash checking accounts and two savings accounts for its programs which it administered, during the year ending December 31, 1994.

Further, during the year ending December 31, 1995, the organization maintained eight checking accounts and three savings accounts for its programs.

The contracts required that all reimbursements be deposited into the appropriate accounts for accountability. There were three occurrences noted during the year ending December 31, 1994 in which deposits were made directly to the organization general fund checking or savings account, and not into the appropriate program account. Also, during the year ending December 31, 1995, there were two occurrences in which reimbursement deposits were made to accounts other than the appropriate checking account.

Further, the organization maintained a ledger which was used to record all checks and receipts received for reimbursements, donations, refunds, etc.. The ledger is used as part of the organization's internal control procedures, and contains a log of all receipts, the date received, a copy of the check or other document and the source of the receipts. The ledger is to be maintained by the person responsible for recording all incoming receipts. An examination of the ledger indicated that the ledger was not properly maintained during the years ending December 31, 1994 and 1995.

Reporting

The organization requested reimbursement for cost in the operations of the programs via a cost control report or approved invoicing. A comparison of the cost reports to the cognizant agencies and the general ledger reflected that on occasion the general ledger balances were not in agreement with the requests for reimbursement. Further examination indicated that necessary adjustments which should have been made to the general ledger due to various posting errors had not been made as of the end of the accounting cycle. Cost reported was in agreement with actual expenditures.

Fixed Assets

The organization did not have a fully detailed listing of the fixed assets. Further, the organization did not perform an annual inventory of fixed assets on hand for any of the years under audit.

Interest

Interest earned on program accounts are to be reported on the monthly reports for programs contracted. The organization received interest on two program in the amount of \$3,255 for the year ended December, 1994 and \$2,070 for year ended December, 1995. The interest was not reported during the regular reporting period.

Murphy W. McCaleb
Education Fund Inc.
Schedule of Federal Awards
For the Year Ended December 31, 1995

| Federal Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | Agency or Pass through Number | Federal Exp |
|--|---------------------------|--|-------------------------|
| U.S Department of Health and Human Services | | | |
| Pass-through From State of Louisiana | | | |
| Department of Social Services | | | |
| Project Independence | 93.561 | 3354280 | \$47,259 |
| Ryan White | 13.992 | | 27,762 |
| Target Cities | 13.992 | 53572 | 58,730 |
| Subtotal | | | <u>133,751</u> |
| U.S. Department of Housing and Urban Development | | | |
| Pass-through From City of New Orleans | | | |
| Office of Education and Training Development, Community Development Block Grant | | | |
| McCaleb Education Program | 14.218 | CD 50-082 | 22,043 |
| R.O.C.K. Summer Program | 14.218 | CD 50-105(92) | 24,640 |
| Subtotal | | | <u>46,683</u> |
| U.S. Department of Education | | | |
| Pass-through From State of Louisiana | | | |
| Department of Education, Orleans Parish | | | |
| Carl D Perkins Fund | 15.777 | N/A | 11,067 |
| Subtotal | | | <u>11,067</u> |
| Total | | | <u><u>\$191,501</u></u> |

MCCALED EDUCATIONAL FUND, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 1994 AND DECEMBER 31, 1995

General Finding

State of Condition

Under the terms and conditions of the reimbursement contracts administered by the Organization, the Organization was to have maintained a designated commercial bank account as the depository of funds account as the depository of funds received from contract. All receipts from the reimbursement of cost under the contract was to have been deposited into the designated commercial bank account.

It was noted that on two occasion during the year ending December 31, 1994, deposits were not made into the appropriate commercial bank account. On one occasion, the deposit was made directly to the *general fund account and on another, the deposit was erroneously made to another program account. This deposit was later transferred to the appropriate to the appropriate account.*

Criteria

The terms and conditions of the contracts required that all funds received under the contracts be deposited into a designated commercial bank account.

Effect of Condition

The Organization by making deposits into accounts other than those designated under the terms of the contracts was in noncompliance of the terms and conditions of the contract.

Statement of Condition

The Organization did not maintain a detailed listing of property and equipment.

The Organization has not maintained a detailed property ledger for its property and equipment. Further, property and equipment purchased during the years ending December 31, 1994 and 1995 have not been properly tagged, as well as, identified to the contract to which the property was acquired.

Criteria

Under the terms and conditions of the contracts, the Organization is to maintain a record of property and equipment which has a useful life of one year or more. The record is to include a description of the property, including model number and serial number, if applicable, date of acquisition, and the acquisition cost of assigned value to the property.

Effect of Condition

The Organization is not in compliance with the terms of the contracts. Further, the Organization is not maintaining adequate internal control over the safeguarding of assets.

Program Findings

Project Independence - December 31, 1994

State of Louisiana
Department of Social Services
Office of Family Support

State of Condition

During the program year, rent was overstated on January's cost report in the amount of \$350.00 and material and supplies were disallowed due to lack of supporting documentation in the amount of \$56.90.

Criteria

General requirements of the contract required that disbursement should have proper supporting documentation to support the cost claimed for reimbursement.

Effect of Condition

The cost was subsequently disallowed by the cognizant agency.

State of Condition

Program income was not properly reported during the program year. Interest earned in the amount of \$25.00, from program receipts was not reported on the cost reimbursement reports during the year.

Criteria

Program receipts are to be reported and refunded to cognizant organization unless and written approval is obtained to expended the program receipts for the benefit of the program.

Effect of Condition

The Organization could be required to refund the Interest earned on the program account.

Project Independence - December 31, 1995

Statement of Condition

During the program year, the organization deposited June's cost reimbursement of \$4084.00 into the wrong program account.

Criteria

Contract requirement state that a separate commercial bank account should be maintained. Funds are to be deposited into the designated account.

Effect of Condition

The Organization was not in compliance with the terms of the contract. Further errors could be made in the proper recording and reporting of financial transaction.

Statement of Condition

Program income was not properly reported during the program year. Interest earned in the amount of \$24.00, from program receipts was not reported on the cost reimbursement reports during the year.

Criteria

Program receipts are to be reported and refunded to cognizant organization unless and written approval is obtained to expended the program receipts for the benefit of the program.

Effect of Condition

The Organization could be required to refund the Interest earned on the program account.

NHIF 006 December 31, 1994 and 1995

City of New Orleans
Office of Housing and Urban Affairs

State of Condition

Interest earned in the amount of \$3230 for the year ending December 31, 1994 and \$2046 for the year ending December 31, 1995 was not reported in the cost reports issued to the City of New Orleans.

Criteria

Program receipts are to be reported and refunded to cognizant organization unless and written approval is obtained to expend the program receipts for the benefit of the program.

Effect of Condition

The Organization could be required to refund the interest earned on the program account.

Target City - December 1995

State of Louisiana
Department of Health & Hospitals
Office of Alcohol and Drug Abuse

Statement of Condition

During the program year, the organization deposit cost reimbursement of \$4098.13 into the wrong program account.

Criteria

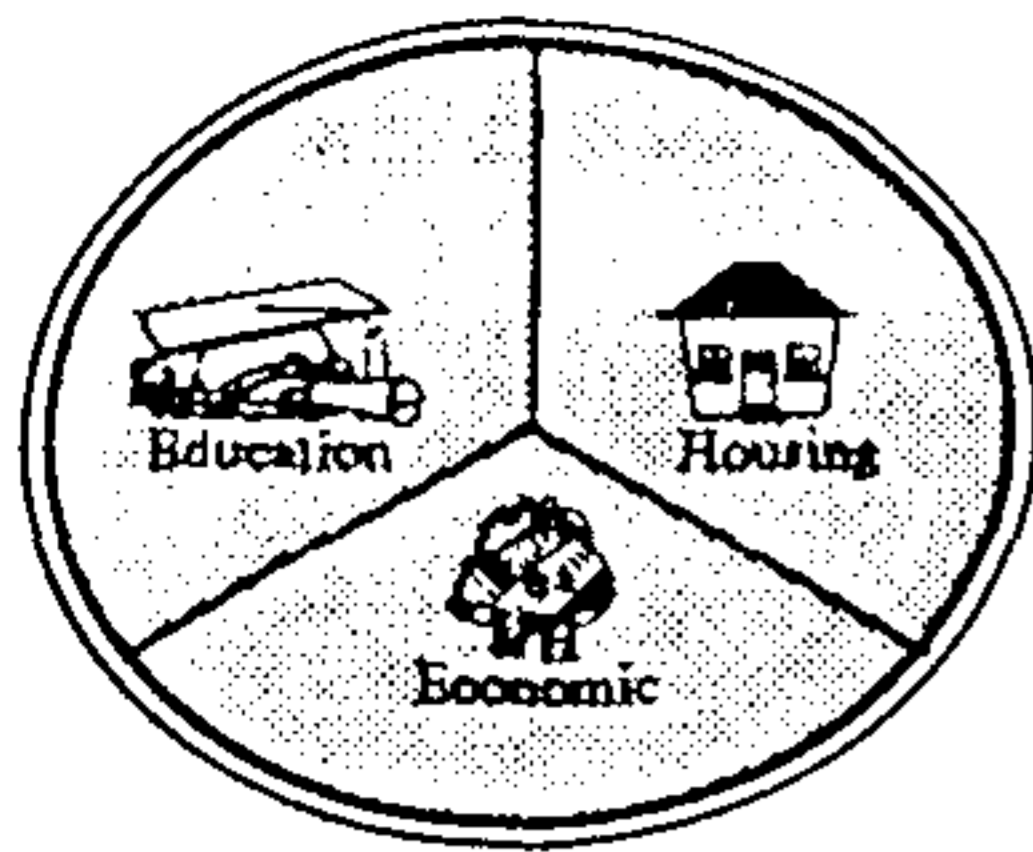
Contract requirements state that a separate commercial bank account should be maintained. Funds are to be deposited into the designated account.

Effect of Condition

The organization was not in compliance with the term of the contract. Further, errors could be made in the proper recording and reporting of financial transaction.

DR. MURPHY W. McCALEB EDUCATIONAL FUND, INC.
STATUS OF PRIOR AUDIT FINDING
DECEMBER 31, 1994 AND DECEMBER 31, 1995

| | Unresolved | Resolved |
|--|------------|----------|
| 1. Cost of Services disallowed | | x |
| 2. Cost of Services disallowed | | x |
| 3. Penalty assessed for late filing Cost Report | | x |
| 4. Inadequate separation of duties | | x |
| 5. Bank statements unavailable | | x |
| 6. Incomplete personnel files | | x |
| 7. Incomplete time and attendance report | | x |
| 8. Federal employee quarterly report filed late | | x |
| 9. Incomplete property records | x | |



Dr. Murphy W. McCaleb Educational, Fund, Inc.

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Fax: 524-0500

BOARD MEMBERS

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AUDITEE RESPONSE

CASH MANAGEMENT

DEPOSITS MADE INTO WRONG PROGRAM ACCOUNTS

Concur, for the years audited, McCaleb maintained 8 to 12 different bank checking accounts. There were instances in which staff made deposits into accounts other than those designated for certain program receipts.

We will be more careful in depositing program funds into the correct program account.

CASH RECEIPTS LEDGER MAINTENANCE

Concur. The ledger or register is used to record program receipts for a given month. The register is used as a control procedure for the accountant who matches the register to the deposits on the bank statements for each month.

During the years under audit, the responsibility for maintaining the register for recording all receipts deposited was handled by several staff. Staff did not always properly record the receipt of checks into the register.

We have already taken steps to ensure that all funds received, are recorded into the register, along with a copy of the document, (check copy, receipt, etc) in order to comply with the established control procedures.

REPORTING

Creating Brigher Futures Through Education, Housing and economic Development

GENERAL LEDGER BALANCES AND COST REPORTS DID NOT ALWAYS AGREE

Concur, the accountant did not reconcile the monthly general ledger balances and make the proper adjustments to ensure the accuracy of the general ledger balances and the cost reports. The matter was that adjustments were required to be made for budgetary amounts when it was noted that costs should have been reallocated to the general fund when it was cost exceeded budget in the cost categories maintained in the general ledger.

We have employed a bookkeeper in addition to the accountant to assist with the daily financial transactions. This should allow the accountant more time to make proper adjustment to the books of account and maintain accurate general ledger balances.

FIXED ASSETS LEDGER

Concur

Starting in August 1996, we began conducting an inventory of all fixed assets on hand. The inventory will be tracked to all purchases of non expendable equipment and property purchased. We have also began tagging the fixed assets and identifying the source program accounts. In addition, we will begin performing interim inventories of fixed assets.

INTEREST

Concur, interest revenue was not reported to Project Independence and NIF during the monthly cost reporting cycle. However, the funds were utilized for the purpose and operation of each program.

In the future, we will take care to report all revenues generated with program funds.