

COMPLIANCE REPORTS

CHARLES F. WEBB

CERTIFIED PUBLIC ACCOUNTANT

REPORT ON COMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS, AND GRANTS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GAS WHEN THE AUDITOR'S PROCEDURES DISCLOSE NO MATERIAL INSTANCES
OF NONCOMPLIANCE

Peoples United Methodist Community Center
2019 Simon Bolivar
New Orleans, LA 70113

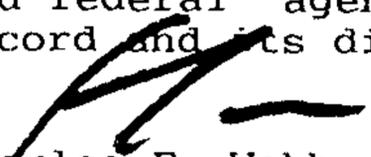
I have audited the financial statements of Peoples United Methodist Community Center as of and for the year ended December 31, 1995, and have issued my report thereon dated April 11, 1996.

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.

Compliance with laws, regulations, contracts, and grants applicable to Peoples United Methodist Community Center is the responsibility of Peoples United Methodist Community Center management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of Peoples United Methodist Community Center's compliance with certain provision of laws, regulations, contracts, and grants. However, my objective of my audit of financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests indicate that, with respect to the items tested, Peoples United Methodist Community Center complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that Peoples United Methodist Community Center had not complied, in all material respects, with those provisions.

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

April 11, 1996

CHARLES F. WEBB

CERTIFIED PUBLIC ACCOUNTANT

REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR PROGRAM TRANSACTIONS

Peoples United Methodist Community Center
2019 Simon Bolivar
New Orleans, LA 70113

I have audit the financial statements of Peoples United Methodist Community Center as of and for the year ended December 31, 1995, and have issued my report thereon dated April 11, 1996.

In connection with my audit of the financial statements of Peoples United Methodist Community Center and with my consideration of Peoples United Methodist Community Center's internal control structure used to administer federal programs, as required by Office of Management and Budget (OMB) Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Institutions, we selected certain transactions applicable to certain nonmajor federal programs for the year ended December 31, 1995. As required by OMB Circular A-133, I performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching 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 Peoples United Methodist Community Center's compliance with these requirements. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of my procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that Peoples United Methodist Community Center had not complied, in all material respects, with those requirements.

This report is intended for the information of the audit committee, management, and others within the organization and appropriated 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

April 11, 1996

CHARLES F. WEBB

CERTIFIED PUBLIC ACCOUNTANT

REPORT ON COMPLIANCE WITH GENERAL REQUIREMENTS - NO MATERIAL NONCOMPLIANCE IDENTIFIED

Peoples United Methodist Community Center
2019 Simon Bolivar
New Orleans, LA 70113

I have audited the financial statements of Peoples United Methodist Community Center as of and for the year ended December 31, 1995, and have issued my report thereon dated April 11, 1996.

I have applied procedures to test Peoples United Methodist Community Center's compliance with the following requirements applicable to its federal programs, which are identified in the accompanying schedule of federal awards for the year ended December 31, 1995:

- . Political activity
- . Civil rights
- . Cash Management
- . Allowable costs/cost principles
- . Administrative requirements

My procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Audits of Higher Learning and Other Non-Profit Institutions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Peoples United Methodist Community Center's compliance with the requirements listed in the preceding paragraph. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of my procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to my attention that caused me to believe that Peoples United Methodist Community Center has not complied, in all material respects, with those requirements.

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

April 11, 1996

SUPPLEMENTARY INFORMATION

PEOPLES UNITED METHODIST COMMUNITY CENTER
Schedule of Federal Financial Assistance
For the Year Ended December 31, 1995

| Federal Grantor/ Pass-Thru Grantor/ Program Title | Federal CFDA Number | Pass- Thru Number | Program or Award Amount | Revenue | Expen- ditures |
|--|---------------------------|-------------------------|----------------------------------|-----------|-------------------|
| Dept of Health and Human Services | | | | | |
| Project Independence | | 13.808 | \$ 37,484 | \$ 37,484 | \$ 37,484 |
| Child Care Assistance | | 13.808 | 3,854 | 3,854 | 3,854 |
| Dept of Argiculture Child and Adult Care Food Services Program | | | | | |
| | | 10.558 | 39,161 | 39,161 | 34,485 |
| | | | ----- | ----- | ----- |
| Total Federal Assistance | | | 80,499 | 80,499 | 75,823 |
| United Way for the Greater New Orleans Area | | | 14,929 | 14,929 | 14,929 |
| Louisiana Annual Conference | | | 6,645 | 6,645 | 6,645 |
| Child Care/Private Fees | | | 55,788 | 55,788 | 55,788 |
| Private Funds | | | 61,028 | 61,028 | 48,334 |
| | | | ----- | ----- | ----- |
| Total All Grants | | | \$218,889 | \$218,889 | \$201,519 |
| | | | ===== | ===== | ===== |

PEOPLES UNITED METHODIST COMMUNITY CENTER
CORRECTIVE ACTIONS TAKEN ON PRIOR YEAR FINDINGS

Prior Year Finding - The agency still does not maintain a formal general ledger.

Corrective Action - Agency now maintains a formal general ledger.

PEOPLES UNITED METHODIST COMMUNITY CENTER
FINDINGS AND RECOMMENDATIONS

Findings - The agency does not reconcile bank accounts on a monthly basis.

Recommendation - The agency should reconcile bank accounts on a monthly basis to ensure all cash transactions are recorded.

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PEOPLES UNITED METHODIST COMMUNITY CENTER
2019 SIMON BOLIVAR
NEW ORLEANS, LOUISIANA 70113

FINANCIAL STATEMENTS AND AUDITOR'S REPORT

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1995

CHARLES F. WEBB
CERTIFIED PUBLIC ACCOUNTANT
616 BARONNE STREET - STE. 205
NEW ORLEANS, LA 70113
504-529-2220

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 8-14-96

PEOPLES UNITED METHODIST COMMUNITY CENTER
NEW ORLEANS, LA 70113

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CHARLES F. WEBB

CERTIFIED PUBLIC ACCOUNTANT

REPORT ON BASIC FINANCIAL STATEMENTS AND SCHEDULE OF FEDERAL AWARDS

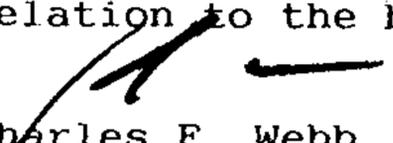
Peoples United Methodist Community Center
2019 Simon Bolivar
New Orleans, LA 70113

I have audited the accompanying balance sheet of Peoples United Methodist Community Center as of December 31, 1995, and the related statements of revenue, expenditure and changes in fund balance for the year then ended. These financial statements are the responsibility of Peoples United Methodist Community Center management. My responsibility is to express an opinion on these financial statements based on my audit.

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. 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 that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Peoples United Methodist Community Center as of December 31, 1995 and the changes in its fund balances for the year then ended, in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the basic financial statements Peoples United Methodist Community Center, taken as a whole. The accompanying Schedule of Federal Awards for the year ended 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 procedures applied in the audit of the basic financial statements 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

April 11, 1996

FINANCIAL STATEMENTS

PEOPLES UNITED METHODIST COMMUNITY CENTER
BALANCE SHEET
DECEMBER 31, 1995
WITH COMPARATIVE TOTALS FOR 1994

Assets

| | <u>Unrest- ricted</u> | <u>Restricted Funds</u> | | <u>Total (Memorandum Only)</u> | |
|------------------------|---------------------------|-------------------------|-------------------------------|------------------------------------|-------------|
| | <u>General Fund</u> | <u>Food Service</u> | <u>Building Equipment</u> | <u>1995</u> | <u>1994</u> |
| Assets | | | | | |
| Cash in Bank | \$16,831 | \$ 3,845 | \$ | \$ 20,676 | \$ 12,049 |
| Grant Receivable | | 6,631 | | 6,631 | 2,044 |
| Due from Other Funds | | | | | |
| Building & Land | | | 26,951 | 26,951 | 26,951 |
| Building Improvements | | | 59,913 | 59,913 | 59,913 |
| Automobile | | | | | |
| Equipment | | | 23,413 | 23,413 | 23,413 |
| Furniture and Fixtures | | | 9,643 | 9,643 | 9,643 |
| Accumulated Deprec | | | (61,607) | (61,607) | (56,553) |
| Utilities | 3,090 | | | 3,090 | 3,090 |
| | ----- | ----- | ----- | ----- | ----- |
| Total Assets | \$19,921 | \$10,476 | \$ 58,313 | \$ 88,710 | \$ 80,550 |
| | ===== | ===== | ===== | ===== | ===== |

Liabilities & Fund Balance

Liabilities

| | | | | | |
|-----------------------|-------|-------|-------|-------|-------|
| Account Payable | \$ | \$ | \$ | \$ | \$ |
| Due to Other Fund | | | | | |
| United Way Pledge | | | | | |
| Federal W/H Payable | 1,243 | | | 1,243 | 1,215 |
| FICA Employee Payable | 1,745 | | | 1,745 | 6,490 |
| State W/H Payable | 220 | | | 220 | (341) |
| | ----- | ----- | ----- | ----- | ----- |
| Total Liabilities | 3,208 | | | 3,208 | 7,364 |

Fund Balance

| | | | | | |
|-------------------------------------|----------|----------|-----------|-----------|-----------|
| Unrestricted | 15,458 | | | 15,458 | 1,599 |
| Undesignated | 1,255 | | | 1,255 | 2,420 |
| Restricted | | 10,476 | 58,313 | 68,789 | 69,167 |
| | ----- | ----- | ----- | ----- | ----- |
| Total Fund Balance | 16,713 | 10,476 | 58,313 | 85,502 | 73,186 |
| | ----- | ----- | ----- | ----- | ----- |
| Total Liabilities & Fund Balance | \$19,921 | \$10,476 | \$ 58,313 | \$ 88,710 | \$ 80,550 |
| | ===== | ===== | ===== | ===== | ===== |

See auditor's report and notes to the financial statements.

PEOPLES UNITED METHODIST COMMUNITY CENTER
STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1995
WITH COMPARATIVE TOTALS FOR 1994

| | <u>Unrest-</u> <u>ri</u> <u>cted</u> | <u>Restricted Funds</u> | | <u>Total</u> <u>(Memorandum Only)</u> | |
|---|---|-------------------------------|-------------------------------------|--|-------------|
| | <u>General</u> <u>Fund</u> | <u>Food</u> <u>Service</u> | <u>Building</u> <u>Equipment</u> | <u>1995</u> | <u>1994</u> |
| <u>Revenue</u> | | | | | |
| Project Independence | \$ 37,484 | \$ | \$ | \$ 37,484 | \$ 37,679 |
| United Way | 14,929 | | | 14,929 | 12,792 |
| Child Care Fees | 55,788 | | | 55,788 | 47,945 |
| Summer Camp | | | | | 5,062 |
| LA Annual Conference | 6,645 | | | 6,645 | 12,826 |
| Child Care Assistance | 3,854 | | | 3,854 | 2,110 |
| Government Grant | | 39,161 | | 39,161 | 40,178 |
| Donations | 61,028 | | | 61,028 | 28,364 |
| Other | | | | | 359 |
| | ----- | ----- | ----- | ----- | ----- |
| Total Revenue | 179,728 | 39,161 | -0- | 218,889 | 187,315 |
| <u>Expenditures</u> | | | | | |
| Personal Services | 93,727 | 17,994 | | 111,721 | 118,953 |
| Service and Supplies | 52,000 | 14,824 | | 66,824 | 47,718 |
| Repairs & Replacement | 2,470 | 1,290 | | 3,760 | 7,770 |
| Other | 18,837 | 377 | 5,054 | 24,268 | 11,540 |
| | ----- | ----- | ----- | ----- | ----- |
| Total Expenditures | 167,034 | 34,485 | 5,054 | 206,573 | 185,981 |
| | ----- | ----- | ----- | ----- | ----- |
| Excess (Deficit) Revenue Over Expenditures | \$ 12,694 | \$ 4,676 | \$(5,054) | \$ 12,316 | \$ 1,334 |
| | ===== | ===== | ===== | ===== | ===== |

See auditor's report and notes to the financial statements.

PEOPLES UNITED METHODIST COMMUNITY CENTER
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 1995
WITH COMPARATIVE TOTALS FOR 1994

| | <u>Unrest-</u> <u>ri</u> <u>cted</u> | <u>Restricted Funds</u> | | Total | |
|---|---|-------------------------------|-------------------------------------|----------------------------------|-------------|
| | <u>General</u> <u>Fund</u> | <u>Food</u> <u>Service</u> | <u>Building</u> <u>Equipment</u> | (Memorandum Only) <u>1995</u> | <u>1994</u> |
| Fund Balance 12/31/94 | \$ 4,019 | \$ 5,800 | \$63,367 | \$ 73,186 | \$ 71,852 |
| Excess (Deficit) Revenue Over Expenditures | 12,694 | 4,676 | (5,054) | 12,316 | 1,334 |
| Funds Transferred to Support other Program | | | | | |
| Transfer In | 26,500 | | | 26,500 | 17,758 |
| Transfer Out | (26,500) | | | (26,500) | (17,758) |
| Fund Balance 12/31/95 | \$ 16,713 | \$10,476 | \$58,313 | \$ 85,502 | \$ 73,186 |
| | ===== | ===== | ===== | ===== | ===== |

See auditor's report and notes to the financial statements.

PEOPLES UNITED METHODIST COMMUNITY CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1995

| <u>Expenses</u> | <u>Child Care</u> | <u>Food Service</u> | <u>Building Equipment</u> | <u>Total</u> |
|----------------------------------|-----------------------|-------------------------|-------------------------------|--------------|
| <u>Personal Services</u> | | | | |
| Staff Salaries | \$ 83,870 | \$ | \$ | \$ 83,870 |
| Food Services | | 15,962 | | 15,962 |
| Payroll Taxes | 9,857 | 2,032 | | 11,889 |
| | ----- | ----- | ----- | ----- |
| Total Personal Service | 93,727 | 17,994 | | 111,721 |
| <u>Services & Supplies</u> | | | | |
| Office Supplies | 9,775 | | | 9,775 |
| Utilities | 13,067 | | | 13,067 |
| Professional Services | 19,882 | | | 19,882 |
| Food Supplies | | 14,554 | | 14,554 |
| Insurance | 4,852 | | | 4,852 |
| Operating Cost | 13,640 | 378 | | 14,018 |
| | ----- | ----- | ----- | ----- |
| Total Service & Supplies | 61,216 | 14,932 | | 76,148 |
| <u>Repairs & Replacement</u> | | | | |
| Repairs and Maintenance | 2,470 | 1,559 | | 4,029 |
| | ----- | ----- | ----- | ----- |
| Total Repairs & Replacement | 2,470 | 1,559 | | 4,029 |
| | ----- | ----- | ----- | ----- |
| <u>Other Expenses</u> | | | | |
| Miscellaneous | 9,621 | | 5,054 | 14,675 |
| | ----- | ----- | ----- | ----- |
| Total Other Expenses | 9,621 | | 5,054 | 14,675 |
| | ----- | ----- | ----- | ----- |
| Total Expenses | \$167,034 | \$34,485 | \$ 5,054 | \$206,573 |
| | ===== | ===== | ===== | ===== |

See auditor's report and notes to the financial statements.

PEOPLES UNITED METHODIST COMMUNITY CENTER
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 1995

NOTE A - THE ORGANIZATION

Peoples United Methodist Community Center is a non-profit organization. Revenue is based on government grants from the Department of Family Services, Louisiana Annual Conference and grants from the United Way. The center also receives revenue from private funding and a Day Care Service which is operated by the center. The funds are used to provide programs such as Food Service and for the maintenance cost of daily operations.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Presentation of Financial Statement

The accounting financial statements are presented on the accrual basis of accounting. Accordingly, revenue is recorded when earned and expenses are recorded when incurred.

NOTE C - INCOME TAXES

The corporation is tax exempt under 501(c)(3) of the Internal Revenue code.

NOTE D - BUILDING AND EQUIPMENT FUND

The center purchased the land and building at 2019 Simon Bolivar in 1947. The building has a nominal value due to depreciation that would have been allowed over the years that have elapsed; therefore, this property is not included in the Building and Equipment Fund and has not been included in prior years. Depreciation is computed using the straight-line method over the useful lives of the assets. Details of the Building and Equipment Fund follow:

| <u>Land</u> | <u>Year Acquired</u> | <u>Gross Balance 12/31/95</u> | <u>Less Accum Depr</u> | <u>Net Balance 12/31/95</u> |
|------------------------|--------------------------|---------------------------------------|--------------------------------|-------------------------------------|
| 2214-18 St. Andrew | 1977 | \$ 9,712 | \$ -0- | \$ 9,712 |
| 2023 Simon Bolivar | 1977 | 2,586 | -0- | 2,586 |
| <u>Building</u> | | | | |
| 2023 Simon Bolivar | 1977 | 14,653 | 7,973 | 6,680 |
| <u>Improvement</u> | | | | |
| | 1984 | 25,492 | 25,492 | -0- |
| | 1988 | 11,000 | 5,436 | 5,564 |
| | 1989 | 11,000 | 5,376 | 5,624 |
| | 1991 | 12,420 | 3,004 | 9,416 |

| | | | | |
|--------------------------------------|---------|-----------|----------|----------|
| Playground Equipment | 1993 | 23,413 | 4,681 | 18,731 |
| Furniture & Fixtures | Various | 9,644 | 9,644 | -0- |
| | | ----- | ----- | ----- |
| Total Building and Equipment, net | | \$119,920 | \$61,606 | \$58,313 |
| | | ===== | ===== | ===== |

Assets purchased with public funds are charge to current operation and transferred from the current fund to the Building and Equipment Fund.

All fixed assets are stated at historical cost or estimated historical cost if actual cost is not available. Donated fixed assets are stated at their estimated fair market value on the date donated.

NOTE E - TOTAL COLUMNS IN THE FINANCIAL STATEMENT

The total columns in the financial statements are captioned "Memorandum Only" to indicate that they are for financial analysis only. Such data is not comparable to a consolidation.

INTERNAL CONTROL REPORT

CHARLES F. WEBB

CERTIFIED PUBLIC ACCOUNTANT

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

Peoples United Methodist Community Center
2019 Simon Bolivar
New Orleans, LA 70113

I have audited the financial statements of Peoples United Methodist Community Center as of and for the year ended December 31, 1995, and have issued my report thereon dated April 11, 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.

In planning and performing my audit of the financial statements of Peoples United Methodist Community Center for the year ended December 31, 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.

The management of Peoples United Methodist Community Center 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 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, 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.

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 requests)
2. Cash Receipts
3. Cash Disbursements
4. Revenues and Receivables
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

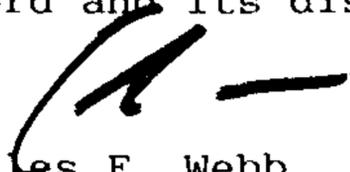
Specific Requirements

- . Types of Services
- . Eligibility of Cost
- . Cost Allocation
- . Cost Incurred in Approved Period
- . Grants 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.

My consideration of the internal control structure policies and procedures used in administering federal awards would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards establish by the American Institute of Certified Public Accountants. A material weakness is a 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 noncompliance with laws and regulations that would be material to federal awards program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operations that we consider to be material weaknesses 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

April 11, 1996

CHARLES F. WEBB

CERTIFIED PUBLIC ACCOUNTANT

REPORT ON INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL AWARDS

Peoples United Methodist Community Center
2019 Simon Bolivar
New Orleans, LA 70113

I have audited the basic financial statements of Peoples United Methodist Community Center, as of and for the year ended December 31, 1995, and have issued my report thereon dated April 11, 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 Nonprofit Institutions. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether Peoples United Methodist Community Center complied with laws and regulations, noncompliance with which would be material to a major federal program.

In planning and performing my audit for the year ended December 31, 1995, I considered Peoples United Methodist Community Center internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on Peoples United Methodist Community Center 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 date April 11, 1996.

The management of Peoples United Methodist Community Center 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 requests)
2. Cash Receipts
3. Cash Disbursements
4. Revenues and Receivables
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
- . Grants 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 year ended December 31, 1995, Peoples United Methodist Community Center, expended 94% 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.

My procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express an opinion.

My consideration of internal control structure policies and procedures used in administering federal awards would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standard establish by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operations that I consider to be material weaknesses 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. However, this report is a matter of public record and its distribution is not limited.



Charles F. Webb
Certified Public Accountant

April 11, 1996