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NEW ORLEANS SERVICE CENTER, INC.

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Release Date 9-23-99

FINANCIAL AND COMPLIANCE AUDIT  
TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 1996

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
New Orleans Service Center, Inc.

We have audited the accompanying statement of financial position of New Orleans Service Center, Inc. (the Center), as of December 31, 1996 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Audit Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations". These standards and one circular A-133 require that we 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Orleans Service Center, Inc. as of December 31, 1996 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Directors  
New Orleans Service Center, Inc.  
Page 2

As discussed in NOTE 2(H) to the financial statements, in 1986 the Center changed its method of accounting for contributions and its method of financial reporting and financial statements presentation.

In accordance with Government Auditing Standards, we have also issued a report dated April 18, 1987 on our consideration of New Orleans Service Center, Inc.'s internal control structure and a report dated April 18, 1987 on its compliance with laws, regulations, contracts and grants.



**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

April 18, 1987

**Bruno**

CERTIFIED PUBLIC ACCOUNTANTS

**& Tervalon**

**NEW ORLEANS SERVICE CENTER, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 1996**

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**ASSETS**

Current Assets:	
Cash	\$ 22,859
Grants receivable	36,083
Total current assets	58,942
Furniture and equipment, net of accumulated depreciation of \$89,964 (NOTE 3)	49,602
Deposits	988
Total assets	\$109,522

**LIABILITIES AND NET ASSETS**

Current liabilities:	
Accrued expenses	\$ 19,801
Obligations under capital leases-current portion (NOTE 3)	18,353
Total current liabilities	38,154
Obligations under capital leases-long-term portion (NOTE 3)	11,353
Total liabilities	49,507
Unrestricted net assets	129,448
Total liabilities and net assets	\$169,522

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

NEW ORLEANS SERVICE CENTER, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 1990

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**SUPPORT AND REVENUE**

Support:	
Governmental grants	\$342,211
Contributions	—2,560
Total support	344,731
Revenue:	
Interest	14
Other	—15
Total support and revenue	344,764
Expenses:	
Program services (NOTE 7)	261,227
Management and general	—84,349
Total expenses	345,576
Change in unrestricted net assets	29,188
Unrestricted net assets at beginning of year	—89,258
Unrestricted net assets at end of year	\$229,440

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

**NEW ORLEANS SERVICE CENTER, INC.**

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 1996

	PROGRAM SERVICES	SUPPORT SERVICES MANAGEMENT AND GENERAL	TOTAL EXPENSES
Expenses:			
Salaries	\$168,870	\$ 5,775	\$174,645
Payroll taxes and employee benefits	21,549	180	21,719
Occupancy, utilities and maintenance	24,385	1,493	25,878
Professional fees	9,446	1,886	11,314
Program and office supplies	22,990	148	23,138
Telephones and postage	5,406	-0-	5,406
Insurance	9,543	-0-	9,543
Travel/conferences	2,159	-0-	2,159
Subscriptions	43	-0-	43
Interest expense	670	3,634	4,304
Office expenses and advertising	388	1,212	1,600
Other	-0-	2,822	2,822
Total expenses before depreciation	382,327	18,347	398,374
Depreciation expense	-0-	26,202	26,202
Total expenses	\$382,327	\$44,549	\$426,876

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



**NEW ORLEANS SERVICE CENTER, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 1990**

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Cash flows from operating activities:	
Change in net assets	\$ 39,189
Adjustments to reconcile change in net unrestricted assets to net cash used in operating activities:	
Depreciation	26,292
 Changes in operating assets and liabilities:	
Increase in grants receivable	(49,999)
Decrease in accrued expenses	(12,412)
Net cash provided by operating activities	12,291
 Cash flows from investing activities:	
Purchase of fixed assets	(122,115)
Net cash used in investing activities	(122,115)
 Cash flows from financing activities:	
Increase in obligations under capital leases	18,850
Net cash provided by financing activity	18,850
 Net increase in cash	2,126
Cash at beginning of year	30,432
Cash at end of year	\$ 32,558
 Supplemental Disclosure of Cash Flow Information:	
Interest paid in cash during the year	\$ 4,224

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

**NEW ORLEANS SERVICE CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 - Organization:**

New Orleans Service Center, Inc. (the Center) is a not-for-profit corporation organized under the laws of the State of Louisiana on July 16, 1961 and was founded to establish and operate accelerated learning centers associated with multi-family housing complexes in the New Orleans metropolitan area. The Center is primarily supported by governmental grants.

**NOTE 2 - Summary of Significant Accounting Policies:**

**A. Income Taxes**

The Center is exempt from paying corporate income taxes under Section 133(c)(3) of the Internal Revenue Code.

**B. Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as unrestricted. Unrestricted net assets are net assets not subject to donor-imposed stipulations.

**C. Contributions and Grants**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of donor restrictions. Grants are recorded on either a cost reimbursement basis, to the extent that funds are expended in accordance with approved budget purposes, or on the basis of performance under the grant contract.

**NEW ORLEANS SERVICE CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 2 - Summary of Significant Accounting Policies, Continued:**

**D. Furniture and Equipment**

Furniture and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period.

**E. Functional Allocation of Expenses**

The costs of providing the Center's various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**F. Cash Equivalents**

For purposes of the statement of cash flows, the Center considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

**G. Estimates**

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

**NEW ORLEANS SERVICE CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 2 - Summary of Significant Accounting Policies, continued:**

**B) Changes in Accounting Principles**

During the 1996 fiscal year, the Center adopted the accounting policies contained in Financial Accounting Standards Board's Statement of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made (FASB 116), and SFAS No. 117, Financial Statements of Not-for-Profit Organizations (FASB 117). Statement No. 116 requires the Center to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of contributions, including contributed services meeting certain criteria, at fair values. Statement No. 117 establishes standards for general purpose external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities, and a statement of cash flows. The adoptions of FASB 116 and 117 had no cumulative effect on net assets at the date of the adoptions and for the year ended December 31, 1996.

**1. Total Columns on Statements - Overview**

Total columns on the statements indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**NOTE 3 - Furniture and Equipment:**

Furniture and equipment consisted of the following at December 31, 1996:

Furniture	\$ 12,162
Equipment	140,153
Software	<u>7,881</u>
	159,996
Less: Accumulated depreciation	<u>69,854</u>
	<u>\$ 90,142</u>

**NEW ORLEANS SERVICE CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

**NOTE 4 - Related Parties:**

The Center's first center is located within the government subsidized Palmetto Apartments. The learning center is an 1,800 square foot facility that was constructed with the assistance of Value Management, Inc., Loyola University, HUD, the City of New Orleans and complex owner Allen Farrot on December 2, 1991. Palmetto Apartment Partnership, landowner, and Palmetto Learning Center, Inc., improvement owner, agreed to lease The Center the above described property upon the following terms:

The initial term of this lease shall be for five (5) years. After the initial term, this lease shall automatically be renewed for an additional fifteen (15) years, except that lessee may cancel said lease at any time and without penalty by providing lessor with thirty (30) days advance notice. Lessee shall be obligated to a rental of \$100 per year.

**NOTE 5 - Capital Leases:**

The Center is obligated under certain leases accounted for as capital leases. Assets under capital leases totaled \$53,837 at December 31, 1996 and the accumulated depreciation on these assets totaled \$9,429.

The following is a schedule of future minimum lease payments under capital leases at December 31, 1996:

Period	Amount
1997	\$ 14,029
1998	<u>13,808</u>
Total minimum payments	48,825
Less amounts representing interest	(10,479)
Lease obligation	<u>\$ 38,346</u>

**NEW ORLEANS SERVICE CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 6 - Contingencies:**

The Center is a defendant in a lawsuit filed by one of its former employees for alleged discrimination. Outside counsel for the organization has advised that at this stage in the proceedings they cannot offer an opinion as to the probable outcome. The Center believes the suit is without merit and is vigorously defending its position.

**NOTE 7 - Program Costs:**

Program costs consist of the following at December 31, 1988:

	PROJECT INDEPENDENCE	DEED	DEED	TOTAL
Program Services	\$127,248	\$110,716	\$25,163	\$263,127
Transfer-capital				
Lease payments	-0-	10,886	1,727	12,613
Equipment use fee	-0-	5,146	-0-	5,146
<b>Total costs</b>	<b>\$127,248</b>	<b>\$125,948</b>	<b>\$26,890</b>	<b>\$279,986</b>

**NOTE 8 - Fair Values of Financial Instruments:**

The estimated fair value of financial instruments have been determined by the Center utilizing available market information and appropriate valuation methodologies. The Center considers the carrying amounts of cash and obligations under capital leases to approximate fair value.

**& Tervalon**

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INDEPENDENT AUDITORS' REPORT ON  
SCHEDULE OF FEDERAL AWARDS

To the Board of Directors  
New Orleans Service Center, Inc.

We have audited the basic financial statements of New Orleans Service Center, Inc. (the Center) as of and for the year ended December 31, 1996, and have issued our report thereon dated April 18, 1997. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations". These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

INDEPENDENT AUDITORS' REPORT ON  
SCHEDULE OF FEDERAL AWARDS  
(CONTINUED)

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Center taken as a whole. The accompanying schedule of Federal Awards is presented only 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 statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*Bruno & Tervalon*

**BRUNO & TERVALON**  
CERTIFIED PUBLIC ACCOUNTANTS

April 18, 1987



NEW ORLEANS SERVICE CENTER, INC.  
 SCHEDULE OF FEDERAL AWARDS  
 FOR THE YEAR ENDING DECEMBER 31, 1984

FEDERAL AGENCY/ FUND-TITLE	GRANTOR'S CONTRACT NUMBER	FY84 AMOUNT	EXPENSES
U. S. Department of Health and Human Services Pass Through State of Louisiana Department of social services Project Independence	4084 910049	99,981	\$127,248
U.S. Department of Labor Pass-through City of New Orleans and Orleans Private Industry Council Youth Power Generation	99-20-013 95-82-981	N/A	110,718
U.S. Department of Housing and Urban Development Pass-through City of New Orleans (DHEW-100198) Youth Power Generation	N/A	N/A	21,863
Total			\$261,827

\*Denotes Major Program

See Independent Auditors' report on Schedule of Federal Awards.

**& Tervalon**

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
New Orleans Service Center, Inc.

We have audited the financial statements of New Orleans Service Center, Inc. (the Center) as of and for the year ended December 31, 1996, and have issued our report thereon dated April 18, 1997.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of OMB Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the 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 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.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
CONTINUED

In planning and performing our audit of the financial statements of the Center for the year ended December 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. 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 statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the Center in a separate letter dated April 18, 1997.

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

*Bruno & Tervalon*

BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS

April 18, 1997

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
STRUCTURE IN ACCORDANCE WITH OMB CIRCULAR A-133.

To the Board of Directors  
New Orleans Service Center, Inc.

We have audited the financial statements of **New Orleans Service Center, Inc.** (the Center) as of and for the year ended December 31, 1996, and have issued our report thereon dated April 30, 1997. We have also audited the compliance of the Center with requirements applicable to major federal award programs and have issued our report thereon dated April 18, 1997.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the Center complied with laws and regulations, noncompliance with which would be material to a major federal award program.

In planning and performing our audit for the year ended December 31, 1996, we considered the Center's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the Center's 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 our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal programs. We have addressed internal control policies and procedures relevant to our audit of the financial statements in a separate report dated April 30, 1997.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
STRUCTURE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(CONTINUED)

The management of the 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, 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 award 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, we have classified the significant internal control structure policies and procedures used in administering federal awards in the following categories:

**ACCOUNTING APPLICATIONS**

Cash Receipts  
Purchasing/receiving  
Accounts payable  
Cash disbursement  
Payroll  
Property and equipment  
General ledger  
Receivables

**GENERAL REQUIREMENTS**

Political activity  
civil rights  
Cash management  
Federal financial reports  
Allowable costs/cost principles  
Drug-free workplace  
Administrative requirements

**SPECIFIC REQUIREMENTS**

Types of services  
Eligibility  
Matching, level of effort or earmarking  
reporting  
cost allocation

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
STRUCTURE IN ACCORDANCE WITH OMB CIRCULAR A-113  
(CONTINUED)

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

During the year ended December 31, 1996, the COMA expended 91 percent of its total Federal awards under major programs.

We performed tests of controls, as required by OMB Circular A-113, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we 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 programs which are identified in the accompanying Schedule of Federal Awards. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our 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 established by the American Institute of Certified Public Accountants. 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 noncompliance with laws and regulations that would be material to a federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we considered to be material weaknesses as defined above.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
STRUCTURE IN ACCORDANCE WITH GSN CIRCULAR A-333  
(CONTINUED)

However, we noted certain other matters involving the internal control structure and its operation that we have reported to the management of the Center in a separate letter dated April 18, 1997.

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



**BRUNO & TERVALON**  
CERTIFIED PUBLIC ACCOUNTANTS

April 18, 1997

**& Tervalon**

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NEW ORLEANS, LOUISIANA 70119

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

To the Board of Directors  
New Orleans Service Center, Inc.

We have audited the financial statements of New Orleans Service Center, Inc. (the Center) as of and for the year ended December 31, 1999, and have issued our report thereon dated April 18, 1999.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations". These standards and OMB Circular A-133 require that we 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 the Center is the responsibility of the Center's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Center's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express an opinion.



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
LAW, REGULATIONS AND GRANTS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

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(CONTINUED)

The results of our tests disclosed no instances of noncompliance that are required to be reportable under Government Auditing Standards.

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



BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS

April 30, 2007

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH SPECIFIC REQUIREMENTS APPLICABLE TO  
MAJOR FEDERAL AIDED PROGRAMS**

To the Board of Directors  
New Orleans Service Center, Inc.

We have audited the financial statements of New Orleans Service Center, Inc. (the Center) as of and for the year ended December 31, 1996 and have issued our report thereon, dated April 16, 1997.

We have audited the Center's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching; level of effort or cost-sharing; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to its major federal financial assistance programs, which are identified in the accompanying schedule of federal awards, for the year ended December 31, 1996. The management of the Center is responsible for the Center's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular (OMB) A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH SPECIFIC REQUIREMENTS APPLICABLE TO  
MAJOR FEDERAL AWARD PROGRAMS  
(CONTINUED)

In our opinion, New Orleans Service Center, Inc. complied, in all material respects, 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 each of its major federal financial assistance programs, which are identified in the accompanying schedule of federal awards, for the year ended December 31, 1996.

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



**BRUNO & TERVALON**  
CERTIFIED PUBLIC ACCOUNTANTS

April 18, 1997

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH GENERAL REQUIREMENTS APPLICABLE TO  
FEDERAL AWARD PROGRAMS

To the Board of Directors  
New Orleans Service Center, Inc.

We have audited the financial statements of New Orleans Service Center, Inc. (the Center) for the year ended December 31, 1996 and have issued our report thereon dated April 18, 1997.

We have applied procedures to test the Center's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the accompanying schedule of federal awards, for the year ended December 31, 1996.

**GENERAL REQUIREMENTS**

Political Activity  
Civil Rights  
Cash Management  
Administrative Requirements  
Allowable Cost  
Drug Free Workplace  
Federal Financial Reports

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of Educational Institutions and Other Nonprofit Organizations". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Center's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH GENERAL REQUIREMENTS APPLICABLE TO  
FEDERAL AWARD PROGRAMS

(CONTINUED)

With respect to the items tested, the results of those 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 our attention that caused us to believe that the Center had not complied, in all material respects, with those requirements.

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



**BRUNO & TERVALON**  
CERTIFIED PUBLIC ACCOUNTANTS

April 18, 1997

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH SPECIFIC REQUIREMENTS APPLICABLE TO  
SOCIALSERV PROGRAM TRANSACTIONS**

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To the Board of Director  
New Orleans Service Center, Inc.

We have audited the financial statements of New Orleans Service Center, Inc. (the Center) as of and for the year ended December 31, 1998, and have issued our report thereon dated April 18, 1999.

In connection with our audit of the financial statements the Center and with our consideration of the Center's 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 Nonprofit Institutions," we selected certain transactions applicable to certain nonmajor federal programs for the year ended December 31, 1998. As required by OMB Circular A-133, we performed auditing procedures to test compliance with the requirements governing types of services allowed or not allowed, eligibility, and that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Center's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Center's had not complied, in all material respects, with these requirements.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH SPECIFIC REQUIREMENTS APPLICABLE TO  
WIRNAGE PROGRAM TRANSACTIONS  
(CONTINUED)

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

*Bruno & Tervalon*

**BRUNO & TERVALON**  
CERTIFIED PUBLIC ACCOUNTANTS

April 10, 1997

**Bruno & Tervalon**

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**INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**

To the Board of Directors of  
New Orleans Service Center, Inc.

In planning and performing our audit of the financial statements of New Orleans Service Center, Inc. (the Center) as of December 31, 1997 and for the year then ended, we considered the Center's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we reviewed the current status of the independent auditors' comments to management. The current status of the comment and recommendation, which has been discussed with the appropriate members of management is described in the accompanying Status of Prior Year Comment section to this report. This letter does not affect our report dated April 18, 1997, on the financial statements of the Center.

This report is intended solely for the information and use of the Board of Directors of New Orleans Service Center, Inc. and its management.



**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

April 18, 1997



NEW ORLEANS SERVICE CENTER, INC.

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STATUS OF PRIOR YEAR COMMENT

**INVOICE DOCUMENTATION**

We noted during our 1985 audit that the Center did not support certain expenses with invoice documentation. In particular, certain credit card charges and camera supplies were merely supported with statements of accounts.

We recommend that the Center immediately take steps to ensure that all expenses are documented with invoices or other appropriate documentation to provide support for expenses and to ensure that disbursements are paid only once.

**CURRENT STATUS**

We noted during our 1986 audit that certain credit card charges were not supported by source documentation. However, the Center has implemented procedures for the 1987 fiscal year that provides that all cash disbursements be supported by original source documentation.