

SCHEDULE 1

**HOUSEHOLD COMMUNITY IMPROVEMENT ORGANIZATION, INC.
NEW ORLEANS, LOUISIANA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED MARCH 31, 1994**

<u>PROGRAM, PROGRAM/ FUND, PROGRAM, SUBPROGRAM, PROGRAM TITLE</u>	<u>Federal area number</u>	<u>Pass-Through Director's Report</u>	<u>Program or Award Amount</u>	<u>Receipts or Amounts Recognized</u>	<u>Commodities/ Inventories</u>
Department of Agriculture Bureau of Extension/Department of Education Child Care Food Program for September 30, 1994	10-224	0/0	147,328	338,870	138,889
Department of Health and Human Services Head Start	13-466	0/0	1,185,000	1,351,000	1,132,263
TOTAL FEDERAL FUNDS				1,689,870	1,271,152

Major Federal Program

MOOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
NEW ORLEANS, LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES
MARCH 31, 1966

	HEAD STAFF	CHILD CARE FOOD PROGRAM	TOTAL PROGRAM SERVICES	GENERAL AND ADMINISTRATION	TOTAL EXPENSES
Salaries	578,384	32,000	610,384	-	610,384
Fringes	288,264	2,860	291,124	-	291,124
TOTAL PERSONNEL	866,648	34,860	902,508	-	902,508
Travel	17,287	2,104	19,391	-	19,391
Supplies	41,972	6,262	48,234	-	48,234
Food	-	72,007	72,007	-	72,007
Contractual	8,000	800	8,800	-	8,800
Other Costs	167,227	8,448	175,675	422	176,097
Capital Outlay	150,521	12,740	163,261	-	163,261
In-Kind Expenses	288,527	-	288,527	-	288,527
TOTAL EXPENSES	1,440,730	136,882	1,577,612	422	1,578,034

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

MONROE COMMUNITY DEVELOPMENT ORGANIZATION, INC.
 NEW ORLEANS, LOUISIANA
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED MARCH 31, 1986

CASH FLOWS USED FOR OPERATING ACTIVITIES:

Change in Net Assets	4,374
Adjustments to Reconcile Changes in Net Assets To Net Cash Used for Operating Activities:	
Increase in Accounts Receivable	(40,842)
Decrease in Accounts Payable and Accrued Expenses	7,558
Decrease in Note Payable - Bank	(2,372)
Net Cash Used for Operating Activities	(38,482)
<u>NET DECREASE IN CASH AND CASH EQUIVALENTS</u>	(38,482)
<u>CASH AND CASH EQUIVALENTS - MARCH 31, 1986</u>	132,192
<u>CASH AND CASH EQUIVALENTS - MARCH 31, 1985</u>	170,674
 SUPPLEMENTAL DATA	
Interest Paid	432

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

MOOREHEAD COMMUNITY IMPROVEMENT ORGANIZATION, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1966

NOTE 1 - Summary of Significant Accounting Policies

A. Statement of Presentation:

The accompanying financial statements have been prepared on the accrual basis and conform to generally accepted accounting principles for not-for-profit organizations-voluntary health and welfare organizations.

B. Organization:

Moorehead Community Improvement Organization, Inc. was organized to promote and develop economic opportunities for the people of Moorehead and West Carroll Parishes. The Agency is operated exclusively for charitable, educational, and scientific purposes. The main operation is a headstart program. The Agency is not a component unit of any other governmental organization.

C. 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 these estimates.

D. Cash Equivalents:

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

E. Fixed Assets:

Fixed assets acquired by the Agency are considered to be owned by the Agency. However, State and Federal funding sources maintain equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State and Federal governments have a reversionary interest in these assets purchased with its funds which have a cost of \$500 or more.

The Agency follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$500. Depreciation is not recorded by the Agency.

WORKHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 1986

NOTE 1 - Summary of Significant Accounting Policies (Continued)

F. Contributions:

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

G. Functional Allocation of Expenses:

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

H. Cash in Bank:

All funds are in institutions insured by an agency of the Federal Government, the Federal Deposit Insurance Corporation. Government securities with a PAR value of \$25,000 have been pledged to secure amounts over \$100,000.

I. Related Party Transactions:

There were no related party transactions for the year ended March 31, 1986.

NOTE 2 - Funding Policies and Sources of Funds

The Agency receives its monies through various methods of funding. Most of the funds are received on a grant basis from federal, state and local sources. Under this method funds are received as needed or on a monthly or quarterly allocation of the total budget (grant) in advance of the actual expenditure. The Agency also receives funds as a reimbursement of actual expenditures, and upon a per unit of service provided method. The Agency also receives funds by contributions from both public and private sources.

MORRISONE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
 NEW ORLEANS, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 MARCH 31, 1998

NOTE 2 - Funding Policies and Sources of Funds (Continued)

Grants and contracts received for the period April 1, 1993 to March 31, 1998 are as follows:

<u>Funding Source</u>	<u>Amounts Accrued</u>
Federal	
Department of Health and Human Services (includes 5353 of interest earned on Grant Funds)	1,151,600
Louisiana	
Department of Education	138,870

NOTE 3 - Grants Receivable

Grants receivable at March 31, 1998, consists of reimbursements for expenses incurred under the various grant programs. The following list presents grants receivable by fund at March 31, 1998.

Department of Education	4,350
Department of Health and Human Services	128,782
<u>Total</u>	<u>133,132</u>

NOTE 4 - Board of Directors' Compensation

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

NOTE 5 - In-Kind Contributions

The Agency received various in-kind contributions during the year from private and public sources. These contributions have been reported as revenues, and the offsetting expenses have been reported in the financial statements.

NOTE 6 - Income Tax Status

The Agency, a non-profit corporation, is exempt from federal income taxation under Section 501 (C) (3) of the Internal Revenue Code.

NOTE 7 - Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance</u>		<u>Balance</u>
	<u>April 1, 1993</u>	<u>Additions</u>	<u>March 31, 1998</u>
Furniture and Equipment	447,388	198,814	646,202

NEWORLEANS COMMUNITY IMPROVEMENT ORGANIZATION, Inc.
 NEW ORLEANS, LOUISIANA
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED MARCH 31, 1966

	UNRESTRICTED OPERATIONS	FIXED ASSETS	TOTAL
SUPPORT AND REVENUE			
Support			
Grants	1,281,125	-	1,281,125
Interest Income - Grants	153	-	153
Contributions	2,562	-	2,562
TOTAL SUPPORT	1,284,440	-0-	1,284,440
Revenues			
Real Income	10,182	-	10,182
In-Kind Receipts	288,522	-	288,522
TOTAL REVENUE	298,704	-0-	298,704
TOTAL SUPPORT AND REVENUE	1,583,144	-0-	1,583,144
EXPENSES			
Program Services			
Head Start	1,440,790	-	1,440,790
Child Care Food Program	136,882	-	136,882
TOTAL PROGRAM SERVICES	1,577,672	-0-	1,577,672
Support Services			
General and Administrative	422	-	422
TOTAL EXPENSES	1,578,104	-0-	1,578,104
EXCESS REVENUE OVER EXPENSES	4,968		4,968
REPROGRAMMED FUNDS	(694)		(694)
FIXED ASSET ADDITIONS	-	198,516	198,516
CHANGE IN NET ASSETS	4,274	198,516	202,790
NET ASSETS - BEGINNING OF YEAR	32,309	462,300	494,609
NET ASSETS - END OF YEAR	36,583	660,816	697,409

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

SUPPLEMENTARY FINANCIAL INFORMATION

HOUSING COMMUNITY IMPROVEMENT ORGANIZATION, INC.
NEW ORLEANS, LOUISIANA
CORRECTIVE ACTION TRACK ON PRIOR YEAR FINDINGS
MARCH 31, 1996

Prior Year Finding/Noncompliance: Only one person was trained in all accounting and computer applications with no rotation of duties.

Corrective Action: Cross-training procedures have not yet been implemented.

Prior Year Finding/Noncompliance: The fixed asset list was not updated at year end with all additions and deletions.

Corrective Action: The Agency is attempting to implement this recommendation. However, the fixed asset list is still not being updated completely and on a timely basis.

Prior Year Finding/Noncompliance: Only two board members had authority to sign checks and some of the checks to the Executive Director were signed by her or had only one signature.

Corrective Action: Another board member has been given the authority to sign checks.

Prior Year Finding/Noncompliance: The Agency did not have a computer policy or processing manual.

Corrective Action: The fiscal officer has developed a firm chart depicting policies and procedures.

Prior Year Finding/Noncompliance: There were no records to tie the amount of meal money receipts to deposit tickets.

Corrective Action: The Agency has implemented a system of record keeping which adequately accounts for meal money receipts.

Prior Year Finding/Noncompliance: Dental fees were set up in accounts payable for the fiscal year ended March 31, 1995 when the amounts were for work performed the following year.

Corrective Action: The expenses reversed.

Prior Year Finding/Noncompliance: The Agency did not determine if wages paid by subcontractors or contractors met the Davis-Bacon requirements.

Corrective Action: The Agency has attempted to correct this finding. However, some work was completed without the proper certifications on file with the agency.

WAREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
MER Rouge, LOUISIANA
COMPENSATION TO BOARD MEMBERS
FOR THE YEAR ENDED MARCH 31, 1990

No compensation was paid any board member during the year under audit.

MOOREHEAD COMMUNITY IMPROVEMENT ORGANIZATION, INC.
NEW HOOD, LOUISIANA
QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 1996

<u>Program</u>	<u>Finding/Noncompliance</u>	<u>Questioned Costs</u>
Headstart	An invoice was paid twice.	\$1,425
Headstart	The Agency overspent its budget by	\$1,255

Auditors' Comments

The Agency has contacted the vendor who was paid twice to obtain a refund. Upon receipt of the \$1,425 from the vendor, the Agency should return \$275 to the Federal government as the \$1,425 has been included in costs/expenses of the Agency. Thus, if the invoice had not been paid twice the Agency would have been under budget by \$275.

GENERALIST COMMUNITY IMPROVEMENT ORGANIZATION, INC.
MON ROUGE, LOUISIANA

FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTIONS - CURRENT YEAR
FOR THE YEAR ENDED MARCH 31, 1994

- Findings:** The Agency has not fully developed policies or procedures to determine if wages paid by subcontractors or contractors met prevailing wage determinations under Davis-Bacon requirements.
- Cause:** The Agency was unaware of all the requirements of the Davis-Bacon Act.
- Effect:** There is no effect on the financial reports but the Agency is not in compliance with general requirements.
- Recommendation:** We recommend, that for any future work performed by contractors or subcontractors, that each be checked to see if they are in compliance with the Davis-Bacon Act before final payment is made.

MONROE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
NEW ROUGE, LOUISIANA
CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS (CONTINUED)
MARCH 11, 1988

Prior Year Finding/Noncompliance: The civil rights officer had not been changed since the death of the previous executive officer.

Corrective Action: A new civil rights officer was appointed by the board of directors.

WORKHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
NEW ORLEANS, LOUISIANA
EXIT CONFERENCE
MARCH 31, 1996

An exit conference was held on September 20, 1996. Those in attendance were Ronald M. Perry, CPA; Ethel Robinson, Executive Director; James Day, Fiscal Officer; Charles Johnson, Board Chairman; and Alfred Teymon, Board Vice-President.

We reported that we did not discover any material weaknesses in internal control but did discover minor weaknesses in internal control and instances of non-compliance with federal and state laws. Such findings have been reported on pages 4, 8, 13 and 24.

The director and fiscal officer received our findings and recommendations favorably and have taken action to implement the recommendations.

WORSHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 1994

NOTE 4 - Accrued Leave

The Agency does not provide annual leave for its employees and therefore has no accrued annual leave.

NOTE 5 - Noncompliance Findings and Questioned Costs

The corporation receives funding/grants from various government agencies and such funding is subject to certain requirements and conditions. The items listed in the schedule of findings and questioned costs will be reviewed by the appropriate funding agency and a final resolution of the questioned costs will be made by such agency.

NOTE 10 - Bank Loan

The office of human development services in Dallas, Texas, requested a refund of \$5,034 and \$933 for transportation costs paid in excess of the contract amount for the fiscal years ended March 31, 1986 and 1987, respectively. The Board borrowed funds from the Bank of New Orleans in the amount of \$4,703 which, added to other donations, were used to pay off the entire amount. The balance of the loan was paid in the year ended March 31, 1994.

NOTE 11 - Changes in Accounting Principles

The Agency adopted the provisions of Statement of Financial Accounting Standards No. 114, Accounting for Contributions Received and Contributions Made and No. 117, Financial Statements of Not-for-Profit Organizations for the year ended March 31, 1994. Statement No. 114 requires the Agency 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 adoption of the above had no cumulative effect on net assets at the date of adoption. Before adoption of FASB No. 114 and No. 117, the Agency presented financial information on the basis of funds and account groups as in accordance with governmental generally accepted accounting principles.



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Owner of Powell, CPA

September 28, 1996

- Accounting Consulting
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**INDEPENDENT AUDITORS' REPORT ON THE
INTERNAL CONTROL STRUCTURE BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors,
Northshore Community Improvement Organization, Inc.
New Orleans, Louisiana

We have audited the financial statements of Northshore Community Improvement Organization, Inc., as of and for the year ended March 31, 1996, and have issued our report thereon dated September 28, 1996.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Northshore Community Improvement Organization, 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 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.

In planning and performing our audit of the financial statements of Northshore Community Improvement Organization, Inc. for the year ended March 31, 1996, we obtained an understanding of its internal control structure. With respect to the internal control structure, we obtained

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COMMISSIONER OF REVENUE
STATE OF LOUISIANA

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WAREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
HERNANDO, LOUISIANA

FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
FOR THE YEAR ENDED
MARCH 31, 1994

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 State House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date OCT 16 1994

MONROE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
 NEW ORLEANS, LOUISIANA
 STATEMENT OF FINANCIAL POSITION
 MARCH 31, 1976

ASSETS

<u>CURRENT ASSETS</u>		
Cash in Bank		66,741
Accounts Receivable		
Grants	130,932	
Other	<u>2,332</u>	133,264
<u>TOTAL CURRENT ASSETS</u>		199,945
<u>FIXED ASSETS</u>		
Furniture and Equipment		663,816
<u>TOTAL ASSETS</u>		<u>863,761</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts Payable and Accrued Expenses		151,386
<u>TOTAL LIABILITIES</u>		151,386
<u>NET ASSETS</u>		
Unrestricted Net Assets		
Operations		41,843
Permanently Restricted Net Assets		
Fixed Assets		663,816
<u>TOTAL NET ASSETS</u>		702,375
<u>TOTAL LIABILITIES AND NET ASSETS</u>		<u>863,761</u>

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

As discussed in Note 11 to the financial statements, in 1994 the Agency changed its method of accounting for contributions and its method of financial reporting and financial statement presentation.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Morehouse Community Improvement Organization, Inc. taken as a whole. The accompanying financial information listed as supplementary financial information in the table of contents and the accompanying Schedules of Federal Awards for the year ended March 31, 1994, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated September 20, 1994 on our consideration of the Morehouse Community Improvement Organization's internal control structure and a report dated September 28, 1994 on its compliance with laws and regulations.

Ferry, Powell & Company

FERRY, POWELL & COMPANY
A PROFESSIONAL ACCOUNTING CORPORATION

HOUSHOUS COMMUNITY IMPROVEMENT ORGANIZATION, INC.
NEW ORLEANS, LOUISIANA
MARCH 31, 1998

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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.

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

1. We found there is no rotation of duties. Only one person is trained in all accounting and computer applications even though there is adequate staffing. This could cause serious problems in the event of the fiscal officer's death or disability. We recommend that another accounting staff member be trained in all accounting and computer procedures as a precautionary measure, and that they rotate duties quarterly to ensure proper cross-training. We also recommend that a schedule of duties be prepared that include the monthly and yearly due dates for the work to be completed.

Reply: The Executive Director agreed with this recommendation and intends to begin implementation.

2. The fixed asset inventory list was not updated at year-end. We recommend the list be updated to show all additions and deletions during the year. We also recommend that all assets be tagged with identification numbers.

Reply: The Executive Director concurred with this finding and has begun an immediate update of the fixed asset inventory list. She has also begun to implement procedures to ensure the proper labeling of the fixed asset inventory.

3. The accounting department does not print a general ledger on a monthly basis. We recommend that one be printed monthly.

Reply: The Executive Director agreed with this finding and will begin to implement this recommendation.

A material weakness is a reportable 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 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.

Our 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 conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the use of management and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Penny, Powell & Company

PENNY, POWELL & COMPANY
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September 20, 1996

- Accounting and auditing
- Public Accounting
- Non-Profit Organizations
- Business And Financial Planning
- Tax Preparation & Planning
- Personal & Family
- Corporate & Real Estate

**INDEPENDENT AUDITORS' REPORT ON THE
INTERNAL CONTROL STRUCTURE ISSUED IN
ADMINISTERING FEDERAL AWARDS**

To the Warehouse Community Improvement Organization, Inc.,
New Rouge, Louisiana

We have audited the financial statements of Warehouse Community Improvement Organization, Inc. as of and for the year ended March 31, 1996, and have issued our report thereon dated September 20, 1996. We have also audited the Agency's compliance with requirements applicable to major federal programs, and have issued our report thereon dated September 20, 1996.

We conducted our audits 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 Agency complied with laws and regulations, noncompliance with which would be material to a major federal program.

In planning and performing our audits for the year ended March 31, 1996, we considered Warehouse Community Improvement Organization, Inc.'s internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the Agency'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 policies and procedures relevant to our audit of the financial statements in a separate report dated September 20, 1996.

The management of Warehouse Community Improvement Organization, Inc. is responsible for establishing and maintaining an integral control system. 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 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, we have classified the significant internal control structure policies and procedures used in administering federal programs in the following categories.

Internal Accounting Controls (All Programs)

Cash Receipts	Payroll
Purchasing/Receiving	Property and Equipment
Accounts Payable	General Ledger
Cash Disbursements	

General and Specific Administrative Controls
Used in Administering Federal Programs

Political Activity	Services Allowed
State-Local Act	Facility Licensing Standards
Eligibility	Cost Allocation
Reporting (Federal)	Matching Levels
Financial Reports	Drug-Free Workplace
Civil Rights	Allowable Costs
Cash Management	Administrative Requirements

For all of the internal control structure categories listed above, 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.

During the year ended March 31, 1986, Warehouse Community Improvement Organization, Inc. expended 18% of its total federal awards under major programs.

We performed tests of controls, as required by OMB Circular A-133, 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 Warehouse Community Improvement Organization, Inc.'s major federal 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.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention concerning significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Agency's ability to administer Federal awards programs in accordance with applicable laws and regulations.

1. We found there is no rotation of duties. Only one person is trained in all accounting and computer applications even though there is adequate staffing. This could cause serious problems in the event of the fiscal officer's death or disability. We recommend that another accounting staff member be trained in all accounting and computer procedures as a precautionary measure, and that they rotate duties quarterly to ensure proper cross-training. We also recommend that a schedule of duties be prepared that includes the monthly and yearly due dates for the work to be completed.

Reply: The Executive Director agreed with this recommendation and intends to begin implementation.

2. The fixed asset inventory list was not updated at year-end. We recommend the list be updated to show all additions and deletions during the year. We also recommend that all assets be tagged with identification numbers.

Reply: The Executive Director concurred with this finding and has begun an immediate update of the fixed asset inventory list. She has also begun to implement procedures to ensure the proper labeling of the fixed asset inventory.

3. The accounting department does not print a general ledger on a monthly basis. We recommend that one be printed monthly.

Reply: The Executive Director agreed with this finding and will begin to implement this recommendation.

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 of 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.

Our 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 conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of management and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

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September 20, 1996

• Accounting And Auditing
• Tax And Estate
• New York Corporation
• Business And Financial Planning
• Tax Preparation & Planning
• Insurance Programs
• Domestic & Real Estate

**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 Warehouse Community Improvement Organization, Inc.
Red Boute, Louisiana

We have audited the financial statements of Warehouse Community Improvement Organization, Inc. as of and for the year ended March 31, 1996, and have issued our report thereon dated September 20, 1996.

We conducted our 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 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 Warehouse Community Improvement Organization, Inc. is the responsibility of Warehouse Community Improvement Organization, Inc.'s management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Warehouse Community Improvement Organization, Inc.'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 such an opinion.

The results of our tests indicate that, with respect to the items tested, Warehouse Community Improvement Organization, Inc. complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Warehouse Community Improvement Organization, Inc. had not complied, in all material respects, with those provisions.

This report is intended for the information of management and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

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September 20, 1996

- Reporting And Auditing
- R.R. Audit
- Non-Profit Organizations
- Business And Financial Planning
- Tax Preparation & Planning
 - Individual's Returns
 - Corporate & Partnership

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

To the Horsehouse Community Improvement Organization, Inc.
Mer Rouge, Louisiana

We have audited the financial statements of Horsehouse Community Improvement Organization, Inc. as of and for the year ended March 31, 1996, and have issued our report thereon dated September 20, 1996.

We have also audited Horsehouse Community Improvement Organization, Inc.'s compliance with the requirements governing types of services allowed or unallowed; eligibility; matching; reporting (Federal Financial Reports); claims for advances and reimbursements; facility licensing standards; cost allocation; and amounts claimed or used for matching that are applicable to each of its major federal programs, which are identified in the accompanying schedule of federal awards for the year ended March 31, 1996. The management of Horsehouse Community Improvement Organization, Inc. is responsible for the Agency's compliance with these requirements. Our responsibility is to express an opinion on compliance with these requirements based on our audit.

We conducted our audit of compliance with these requirements 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, Auditing of Institutions of Higher Education and Other Nonprofit Institutions. These 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. As audit includes examining, on a test basis, evidence about the Agency's compliance with these requirements, we believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying Schedule of Findings and Questioned Costs. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Warehouse Community Improvement Organization, Inc. complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching; reporting (Federal Financial Reports); claims for advances and reimbursements; facility licensing standards; cost allocations; and amounts claimed or used for matching that are applicable to each of its major federal programs for the year ended March 31, 1984.

This report is intended for the information of management and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Ferry, Powell & Company

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Permitted to Practice, C.P.A. - Other
Certified Public Accountant, C.F.A.

September 28, 1994

- Accounting and Auditing
- Tax Services
- Business Organizations
- Succession and Financial Planning
- International Planning
 - Personal & Family
 - Corporate & Business

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

To Warehouse Community Improvement Organization, Inc.
New Orleans, Louisiana

We have audited the financial statements of Warehouse Community Improvement Organization, Inc. as of and for the year ended March 31, 1994, and have issued our report thereon dated September 28, 1994.

We have applied procedures to test Warehouse Community Improvement Organization, Inc.'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 March 31, 1994: political activity, Davis-Bacon Act, civil rights, cash management, eligibility, federal financial reports, drug-free workplace, allowable costs and administrative requirements.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Audits of Institutions of Higher Learning and Other Non-Profit Institutions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Warehouse Community Improvement Organization, Inc.'s compliance with the requirements listed in the preceding paragraph. 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 second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Warehouse Community Improvement Organization, Inc. had not complied, in all material respects, with these requirements.

This report is intended for the information of management and the legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

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September 20, 1998

- Issuing the Audit
- F. A. S. S. S.
- Non-Profit Organizations
- Business Institutional Planning
- Tax Preparation & Planning
 - Includes a Partnership
 - Limited Partners

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Morehouse Community Improvement Organization, Inc.
New Orleans, Louisiana

We have audited the accompanying balance sheet of the Morehouse Community Improvement Organization, Inc. as of and for the year ended March 31, 1998, and the related statement of program revenues, expenditures and changes in fund balances for the year then ended. These financial statements are the responsibility of the Agency'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 the 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. 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.

The Agency charges to expenses the fixed assets purchased during each year, and then adds the purchases to its fixed assets-not assets account. In our opinion, the fixed assets should be depreciated over their estimated useful lives to conform with generally accepted accounting principles. The effects on the financial statements of the preceding practices are not reasonably determined.

In our opinion, except for the effects of the matter discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Morehouse Community Improvement Organization, Inc., as of March 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.