

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE F

NOTES PAYABLE (Continued)

The following are maturities of long-term debt for each of the next five years:

Year Ending <u>June 30,</u>	
1997	\$ 15,472
1998	15,472
1999	15,472
2000	<u>11,858</u>
	\$ 59,320

Total interest expense for the above notes for the year ended June 30, 1996 was \$604.

NOTE G

RESTRICTIONS ON NET ASSETS

At June 30, 1996, permanently restricted net assets are designated for the following purpose:

Investment in perpetuity, the income from which is expendable to support:

General Endowment	\$ 18,180
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NOTE H

CAPITAL LEASE AGREEMENTS

The League, through its Word Processing (OPPC), Word Processing (OPFS), and Project Assist Programs, is the lessee of photocopying equipment under a capital lease expiring in fiscal year ending June 30, 1997. As explained in Note A, the lessee never obtains title for this asset. Therefore, no amount has been capitalized, nor has any related liability been recognized. For the year ended June 30, 1996, the total amount of rent expense incurred by these programs for the copy machines was \$818, \$485, and \$626, respectively.

The following is a schedule by years of future minimum rental payments required for all capital leases that have remaining noncancelable lease terms as of June 30, 1996.

Year Ending <u>June 30,</u>	
1997	\$ 287

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1

OPERATING LEASE AGREEMENTS

The League has several lease agreements for the lease of office space, automobiles and office equipment. The following is a description of these leases.

OFFICE SPACE

The League leases space at various locations for a number of its programs as well as for its main office. The majority of the leases are renewed on a monthly basis. However, renewal of the leases of office space for program services are renewed annually. Rent expense for the year ended June 30, 1996 consisted of the following:

Administrative	\$ 18,000
Program Services	112,787
Total	\$ 130,787

Future minimum lease payments for these leases which are renewed annually follows:

1997	\$ 36,815
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AUTOMOBILES

The League's Parent Child Center Program leased mini-vans from a local automobile dealership on a month to month basis. The League terminated the lease in January 1996. The total amount of rent expense incurred by the Program for the year ended June 30, 1996 was \$9,885.

In January 1996, the League purchased two vans. These two vans were leased to the Parent Child Center Program on a month to month basis. The total amount of rent expense incurred by the Program for year ended June 30, 1996 was \$7,368.

OFFICE EQUIPMENT

The Wood Processing (DPIC), Wood Processing (DPS), and Project Assist Programs lease a mail sorting machine. For the year ended June 30, 1996, the total amount of rent expense incurred by these programs was \$1,858, \$530, and \$818, respectively.

The following is a schedule by years of future minimum rental payments required under operating leases that have remaining noncancelable lease terms as of June 30, 1996.

<u>Year Ending June 30,</u>	
1997	\$ 1,407
1998	602
Total	\$ 2,009

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE J

COMMITMENTS

During the year, the League entered into various agreements which extend beyond June 30, 1996. These agreements include contracts for various services, descriptions of which are as follows:

JUDICIAL SERVICES

In June 1995, the League, through its Parent Child Center Program, entered into an agreement with a company to provide judicial services at the program site. The agreement is for one year and requires a payment of \$1,797 per month. The total outstanding commitment as of June 30, 1996 was \$17,967.

COPIER MAINTENANCE

In December 1995, the League entered into an agreement with a company to provide maintenance on its copy machine located at the League's main office. The contract is for one year and requires a base payment of \$212 per month. The total outstanding commitment as of June 30, 1996 was \$1,272.

PERSONAL SERVICES

In May 1995, the League entered into an agreement with an individual to assist with the coordination and promotion of the National Urban League Conference. The contract for a four month period (May 1, 1995 through August 31, 1995) requires a monthly payment of \$5,000. The total outstanding commitment as of June 30, 1996 was \$2,000.

NOTE K

UNITED WAY ALLOCATION

United Way allocated the following funds to the League for the year ended June 30, 1996:

Program	
Community and Family Services	\$ 39,215
Employment and Economic Development	62,769
Comprehensive Programs for Youth	13,362
Organization for Community Involvement	<u>9,800</u>
Total	\$ 125,146

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE L

IN-KIND CONTRIBUTIONS AND COSTS RECOGNIZED

As a condition of certain grants received by the League, the League must provide a portion of the costs of the programs. To satisfy these conditions, the funding agencies will accept in-kind contributions from volunteers and certain other contributions. The accompanying financial statements include in-kind contributions in revenues and expenses. The breakdown of in-kind contributions recognized is as follows:

Personnel - Teaching	\$ 228,966
Personnel - Volunteer	25,423
Supplies	119,291
Equipment Rental	38,084
Other	<u>18,425</u>
	\$ 410,189

NOTE M

FEES AND GRANTS FROM GOVERNMENTAL AGENCIES

The League has contracted with several governmental agencies to provide community and family services, and employment and economic development programs. Under the contracts, the governmental agencies reimburse the League, based upon the League's allowable costs, to provide the services to program beneficiaries.

During the year ended June 30, 1996, approximately 56% of the League's total public support and revenue was derived from the governmental agencies to provide these contract services. Revenues derived from the governmental agencies are subject to audit and adjustment by government auditors before any settlement amounts become final. Any adjustments made by governmental auditors are reported in the year of the audit. Management does not expect any material adjustments to allowable program costs and the related estimated settlements.

NOTE N

CONTINGENCIES

During the year, the League received from its general ledgers, approximately \$48,080 of old outstanding balances due to various funding sources. The balances had been outstanding for a period of five years or greater, and there had been no demands made by the funding sources to recover these amounts during this period of time.

The liability balances written off were recognized as revenue by the League during the current year. However, the potential exists that the funding sources may demand payment in the future.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE G

SUBSEQUENT EVENTS

On August 31, 1996, the Chief Executive Officer of the League retired. However, in order to provide the continuity to the operations of the League, the Board entered into a contractual arrangement as follows:

The management provides that the former CEO continue to serve the League in a consulting capacity to provide for a smooth transition of power, as well as to provide assistance with fund raising and programmatic activities of the League. The agreement with the former CEO is for the period of September 1, 1996 through April 30, 1998.

In return for the services to be provided, the League will compensate the former CEO as follows:

- a) Full health/capitalization benefits equal to his benefits at time of retirement for a period of six months after retirement.
- b) Monthly compensation equivalent to 100% of his monthly salary at time of retirement for a period of four months after retirement (September 1, 1996 through December 31, 1996).
- c) Monthly compensation equivalent to 50% of his monthly salary at time of retirement for a period of sixteen months, commencing after the initial four month period of full compensation (January 1, 1997 through April 30, 1998).

Officers and Board of Directors
Urban League of Greater New Orleans, Inc.

Independent Auditor's Report
on Supplementary Information

Our report on the basic financial statements of the URBAN LEAGUE OF GREATER NEW ORLEANS, INC. for June 30, 1996 appears on page 1. This audit was made for the purpose of forming an opinion on the basic financial statements as a whole. The schedule presented on page 19 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Arthur, Sehr, Romig & Hand
A Professional Accounting Corporation

December 28, 1996

A Professional Accounting Corporation

600 Poydras Building, Suite 2000, 600 Poydras Street, New Orleans, LA 70112 Telephone: (504) 581-5000 Fax: (504) 581-5001

P.O. Box 27, 401 North Third Street, Baton Rouge, LA 70801 Telephone: (504) 388-4400 Fax: (504) 388-4401

Member of the American Institute of Certified Public Accountants (AICPA) and the National Association of Public Accountants (NAPAs).
Certified Public Accountants and Affiliates with Accounting Service Group, Inc.

CARLOS I. GARCIA (S. 08) CHAIRMAN, NORTHERN BELL, INC.
 MEMBERSHIP AND SERVICE CENTER CONTRIBUTION PROGRAM
 Fiscal Year Ended June 30, 1988

	Agency Total	Supporting Business		Total Program Services	Program Services		Organizational Exp. Community Development
		Management (S. 08 Chair)	Business Development		Leadership and Economic Development	Leadership and Family Services	
EXPENSES	\$ 12,570	\$ 126,000	\$ -	\$ -	\$ -	\$ -	\$ -
Board General Membership	11,000	20,000	500	-	-	-	-
Charitable (501(c)(3))	1,570,000	1,210,000	400,000	-	10,000	-	-
Community Outreach and Grants	80,000	30,000	60,000	-	10,000	-	-
Other Expenses	1,710,000	1,000,000	1,210,000	600,000	1,070,000	-	-
Total Matched/Offset Revenue	14,000	-	14,000	3,700	6,000	1,000	700
Unaffiliated Individuals	4,000	-	4,000	800	1,000	800	1,100
Total Revenue	1,704,000	1,030,000	1,214,000	498,700	1,080,000	1,800	1,800
Local Pay - Benefits	80,000	-	20,000	20,000	20,000	-	-
Local Total Revenue	1,624,000	1,030,000	1,194,000	478,700	1,060,000	1,800	1,800
EXPENSES	84,700	84,700	84,700	176,000	176,000	7,000	2,000
Commutations Expenses	36,000	14,500	46,500	90,000	90,000	1,000	1,100
Services Expenses	21,000	14,000	35,000	34,000	34,000	700	2,100
Travel and Transportation	23,000	8,000	31,000	62,000	62,000	2,300	6,000
Other (Other Program Expenses)	1,700	1,200	2,900	5,000	5,000	1,000	3,000
Local Total Expenses	80,700	36,700	117,400	236,000	236,000	11,000	3,200
NET DIFFERENCE	1,539,300	945,300	1,079,300	242,700	824,000	700	1,600
RECAPITULATION	1,539,300	1,030,000	1,194,000	478,700	1,060,000	1,800	1,800

Expense Audit:

Net Total Expense	\$ 11,000	\$ 1,000,000	\$ 11,000	\$ 11,000
Percent Total Program Expense	8.7%	81.6%	1.7%	1.0%
Percent of Total Expense	9,240	149,960	1,000	4,799
Local Total Program Expenses	400,000	1,200,000	10,000	1,210,000

The independent auditor's report on supplementary information.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE D

PENSION PLAN (Continued)

The excess of Plan assets consist of the following:

Unrecognized Gain(Loss)	\$ 187,894
Unrecognized Transition Asset	146,885
Unrecognized Prior Service Cost	(52,268)
Accrued Pension Cost	<u> 83,923</u>
	\$ 365,434

The weighted average discount rate used to measure the projected benefit obligation is 7.5%, and the assumed rate of increase in future compensation levels is 5.5% per year. The League uses the average future service at transition date of plan participants reported to receive benefit method of amortization for liability at transition.

NOTE E

LINES OF CREDIT

During the year ended June 30, 1996, the League obtained a line of credit with a local bank. The amount available with the line was \$15,858. The line of credit was amended and charged interest at a rate of 11% of the outstanding balance. At June 30, 1996, the League had an outstanding balance of \$15,090. The amount of interest expense incurred with the line of credit totaled \$498.

In May 1996, the League obtained a second line of credit with another local bank. The amount available with the line of credit was \$5,000. The line of credit was amended and charged interest at a rate of 10.41%. At June 30, 1996, the League had an outstanding balance of \$5,000. No interest expense was recognized with the line of credit as of June 30, 1996.

NOTE F

NOTES PAYABLE

As of June 30, 1996, the League had the following outstanding notes payable:

3.25% note payable to GMAC in monthly installments of \$658, which includes interest, through March 04, 2000, secured by vehicle	\$ 38,500
3.5% note payable to Chrysler Financial in monthly installments of \$618, which includes interest, through March 22, 2000, secured by vehicle	<u> 71,478</u>
Total Amount Due as of June 30, 1996	\$ 109,978

INDEPENDENT AUDITORS' REPORT ON
SCHEDULE OF FEDERAL AWARDS

Officers and Board of Directors
Urban League of Greater New Orleans, Inc.

We have audited the financial statements of URBAN LEAGUE OF GREATER NEW ORLEANS, INC. (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated December 18, 1996. These financial statements are the responsibility of the Organization'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 (OMB) 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 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of URBAN LEAGUE OF GREATER NEW ORLEANS, INC. taken as a whole. The accompanying Schedule of Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Arthur, Sehn, Romig & Hand
A Professional Accounting Corporation

December 18, 1996

A Professional Accounting Corporation

800 Third Laboratory Center, 3918 N. Causeway Blvd., Metairie, LA 70002 (504) 885-1444 FAX (504) 885-7729
4079 Hwy. 27, Riverdale Lakes Center, Metairie, LA 70001 (504) 885-1444 FAX (504) 885-7676

Members of AIAA (Institution for CPA, Chartered Accountants, Certified Public Accountants and AICPA) Member Institute of Certified Public Accountants with Accounting Firm, Associated, Inc.

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$ 215,097
Notes Payable - Line of Credit	20,000
Notes Payable	58,000
Accrued Liabilities	<u>8,912</u>
Total Liabilities	<u>\$ 302,009</u>

NET ASSETS

Unrestricted	48,749
Temporarily Restricted	-
Permanently Restricted	<u>18,180</u>
Total Net Assets	<u>\$ 66,929</u>

Total Liabilities and Net Assets

\$ 368,938

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
SCHEDULE OF FEDERAL AWARDS
 For The Year Ended June 30, 1998

<u>Federal Character/ Flow-Through Character/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Flow-Through Character's Number</u>	<u>Total Federal/ Expendable Reimbursement</u>	<u>Federal Reversion/ Expendable Reimbursement</u>	<u>State Reversion/ Expendable Reimbursement</u>
U.S. Department of Education					
Flow-Through State of Louisiana (Department of Social Services via Total Community Action, Inc)					
Head Start (Urban Child Center - FWS)	94-000	NA	\$ 264,189	\$ 264,189	\$ -
Head Start (Urban Child Center - FWS)	94-000	NA	333,298	333,298	-
Flow-Through the State of Louisiana (Department of Social Services via St. Charles of Family Support)					
Project Independence (Project Aerial - 1993-98 Contract)	91-561	NA	200,708	149,150	\$ 51,558
Project Independence (Project Aerial - 1994-98 Contract)	91-561	NA	49,928	29,797	\$ 20,131
Project Independence (R.E. Wood Processing - 1993-98 Contract)	91-561	NA	81,388	58,661	\$ 22,727
REVENUE - U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			330,024	336,816	72,616
U.S. Department of Labor					
Flow-Through State of Louisiana (Department of Labor via the Urban Youth Industry Council, Inc)					
Job Training Partnership Act (Wood Processing - 1994-98 Contract)	17-288	NA	169,547	169,547	-
REVENUE - U.S. DEPARTMENT OF LABOR			169,547	169,547	-
TOTAL			\$ 1,048,859	\$ 1,003,798	\$ 94,694

* Major Programs

See independent auditor's report on schedule of federal awards.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 1996

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE				
Revenue:				
Government Grants and Contracts	\$ 1,185,878	\$ -	\$ -	\$ 1,185,878
Board Generated Self-Support	176,741	-	-	176,741
Client Generated Self-Support	21,432	-	-	21,432
Other Revenue	483,361	-	-	483,361
Total Revenue	1,777,412	-	-	1,777,412
Public Support:				
United Way	166,116	-	-	166,116
United Way Designations	14,639	-	-	14,639
CYC Designations	2,259	-	-	2,259
Total Public Support	183,014	-	-	183,014
Total Public Support and Revenue	1,594,398	-	-	1,594,398
EXPENSES				
Program Services:				
Employment and Economic Development	522,836	-	-	522,836
Community and Family Services	1,082,181	-	-	1,082,181
Comprehensive Programs for Youth	12,499	-	-	12,499
Organizations for Community Involvement	32,254	-	-	32,254
Total Program Services	1,649,770	-	-	1,649,770
Support Services:				
Management and General	213,126	-	-	213,126
Fund Raising	38,756	-	-	38,756
Total Support Services	251,882	-	-	251,882
TOTAL EXPENSES	1,901,652	-	-	1,901,652
CHANGE IN NET ASSETS	668	-	-	668
NET ASSETS, BEGINNING OF YEAR	42,988	-	18,108	61,096
NET ASSETS, END OF YEAR	43,656	-	18,108	61,764

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

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE D

PENSION PLAN

The League does not account for its defined benefit plan in accordance with SFAS 87, "Employers' Accounting for Pensions." Because of this, the League has disclosed the amount of accrued pension costs from its financial statements. If the amount of accrued pension costs were recognized, liabilities would be increased by \$93,999, and Unrestricted Net Assets would be decreased by \$93,999. This liability is based on certain actuarial assumptions and projections pertaining to the employees of the Urban League of Greater New Orleans, Inc. These assumptions and projections could differ significantly from actual results.

The management of the League is currently considering implementing a defined contribution plan. If this plan is implemented, the League will terminate its defined benefit plan. Based on this consideration, as well as based on the volatile nature of the accrued pension cost liability, management has elected not to recognize the amount of accrued pension cost associated with the League's current defined benefit plan.

The League's Plan covers substantially all employees. The plan vests the benefits to be paid to eligible employees at retirement based primarily upon their average monthly salary "during the last 120 completed months of service".

Pension expense for 1998, as determined by SFAS 87, includes the following components:

Service Cost	\$ 89,209
Interest Cost on the Projected Benefit Obligation	68,891
Actual Return on Assets Held in the Plan	(160,340)
Net Amortization of Prior Service Cost and Unrecognized Net Asset, and Deferred Asset Loss	____ 77,892
Pension Expense:	\$____ 54,650

The following sets forth the funded status of the Plan at June 30, 1998, as determined by SFAS 87:

Actuarial Present Value of Benefit Obligations:	
Vested Benefits	\$ 729,593
Nonvested Benefits	____ 3,176
Accumulated Benefit Obligations	732,769
Effect of Anticipated Future Compensation Levels, Expected Long-Term Rate of Return on Assets and Plan Amendment	____ 245,959
Projected Benefit Obligation	978,728
Fair Value of Assets Held in the Plan	____ 1,179,458
Excess of Plan Assets Over Projected Benefit Obligation	\$____ 198,730

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE B

ECONOMIC DEPENDENCY

The primary source of revenue for the URBAN LEAGUE OF GREATER NEW ORLEANS, INC. is federal and state grants provided through various funding agencies. The continued success of the League is dependent upon the renewal of contracts from current funding sources as well as obtaining new funding from various funding sources.

NOTE C

LAND, BUILDINGS AND EQUIPMENT

As of June 30, 1995, the URBAN LEAGUE OF GREATER NEW ORLEANS, INC. hold the following assets:

Office Equipment (Estimated Value)	\$ 4,800
Office Equipment (Cost)	1,600
Office Equipment (Cost - Obtained by State Academy Program)	1,000
Automobiles (Cost)	<u>60,387</u>
	68,687
Less: Accumulated Depreciation	<u>21,368</u>
	\$ 47,319

All assets are depreciated using the straight-line basis over the estimated useful lives of the assets. Depreciation expense for year ended June 30, 1995 amounted to \$5,668.

The amount of office equipment acquired through a capital lease is \$1,800, and the related accumulated amortization at June 30, 1995 is \$1,000.

The amount of equipment acquired by Restricted Programs funded by federal and state funds but not capitalized as described in Note A above is as follows:

Computer Hardware (Cost)	\$ 1,548
Typewriters (Cost)	981
Furniture (Cost)	980
Audio Visual Equipment (Cost)	800
Kitchen Equipment (Cost)	<u>28,144</u>
Total	\$ 32,653

**URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CONCENTRATION OF CREDIT RISK

URBAN LEAGUE OF GREATER NEW ORLEANS, INC. provides job training, education and recreational services to eligible participants that reside in New Orleans. The majority of the League's revenue is derived from federal and state grants, as well as contributions from the United Way of Greater New Orleans.

As of June 30, 1996, the League had \$52,342 of deposits in excess of federal deposit insurance coverage.

REVENUE RECOGNITION

For federal and state grants administered on a cost reimbursement basis, revenue is recognized as expenses are incurred.

ALLOCATION OF FUNCTIONAL EXPENSES

Program and support service expenses are specifically identified with or allocated to the League's various functions. Expenses requiring allocation include services provided by the League's management and administrative staff to specific program-related activities. Expense allocations are prorated based on a percentage of time spent or actual usage.

FEDERAL INCOME TAXES

The League is exempt from Federal income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code and is not a private foundation.

ALLOWANCE FOR BAD DEBTS

The League uses the allowance method to provide for uncollectible accounts. At June 30, 1996, the allowance was \$5,156.

EQUIPMENT

Except for the Street Academy Program, the cost of office furniture and equipment purchased or acquired through capital leases by Programs funded by federal or state funds has not been capitalized. According to the contractual agreements between the League and the Restricted Program funding sources, title to the equipment purchased remains with the funding source.

The State Department of Health and Hospitals, which funded the 1994/95 Street Academy Program, allowed title to equipment purchased through this program vest with the Urban League. Equipment purchased has been capitalized and is included in the balance sheet of the League.

Furniture and equipment acquired by the General Fund are capitalized.

STATEMENT OF CASH FLOWS

For the purpose of the statement of cash flows, the League considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The URBAN LEAGUE OF GREATER NEW ORLEANS, INC. (the League) provides training in the areas of job skills and parenting skills, as well as provides basic education to eligible participants that reside in the New Orleans area.

FINANCIAL STATEMENT PRESENTATION

URBAN LEAGUE OF GREATER NEW ORLEANS, INC. (the League) follows the accounting procedures and practices for voluntary health and welfare organizations established by the American Institute of Certified Public Accountants as published in the Industry Audit Guide on "Audits of Voluntary Health and Welfare Organizations," which constitutes generally accepted accounting principles.

In the year ended June 30, 1996, the League also elected to adopt SFAS No. 115, *Financial Accounting of Nonprofit Organizations*. Under SFAS No. 117, the League is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the League is required to present a statement of cash flows. As permitted by this new Statement, the League has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. This reclassification had no effect on the change in net assets for the year.

CONTRIBUTION RECOGNITION

The League elected to adopt Statement of Financial Accounting Standards (SFAS) No. 118, *Accounting for Contributions Received and Contributions Made*, in the year ended June 30, 1995. In accordance with SFAS No. 118, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted.

DONATED MATERIALS AND SERVICES

Donated materials and supplies, which are utilized in several of the League's programs, are recorded at their estimated fair market value when received.

Donated services provided by volunteers which require specialized skills and are provided by individuals possessing those skills are recognized at their fair value when received. Those services donated by volunteers which do not meet all of the applicable requirements of SFAS 118 are not recognized in the financial statements.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
STATEMENT OF CASH FLOWS
For The Year Ended June 30, 1996

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in Net Assets	\$ 809
Adjustment to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	5,080
Amortization of Prepaid Interest Cost	684
Decrease in Accounts Receivable - Special Events	12,944
(Increase) in Accounts Receivable - Other	(77)
(Increase) in Contributions Receivable	(30,698)
Decrease in Due From Funding Agencies	80,862
(Increase) in Prepaid Expenses	(6,207)
Increase in Accounts Payable	55,893
(Decrease) in Accrued Liabilities	(1,940)
(Decrease) in Deferred Revenue	112,050
(Decrease) in Due to Funding Source	(52,415)
Net Cash Provided by Operating Activities	62,865

CASH FLOWS FROM INVESTING ACTIVITIES

(Decrease) in Certificates of Deposit	(84)
(Decrease) in Accounts Receivable - Employees	(4,189)
Net Cash Used in Investing Activities	(4,273)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from Loans of Credit	26,858
Payments on Capital Loans	(847)
Payments on Notes Payable	(47,518)
Net Cash Used in Financing Activities	(21,507)

NET INCREASE IN CASH AND CASH EQUIVALENTS	31,691
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	35,066
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 66,757

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

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
 STATEMENT OF FINANCIAL POSITION
 June 30, 1966

ASSETS

CURRENT	
Cash	\$ 86,037
Certificates of Deposit	12,187
Accounts Receivable from Participants in Special Events, Loan Allowance for Uncollectible Accounts of \$3,150	72,859
Accounts Receivable - Other	1,354
Due from Employees	4,149
Contributions Receivable	30,080
Due from Funding Agencies	83,113
Total	280,779
PROPERTY AND EQUIPMENT	
Equipment, Less Accumulated Depreciation of \$31,384	47,238
OTHER ASSETS	
Deposits	150
Unamortized Interest Cost	9,064
Prepaid Expenses	15,687
Total	34,581
Total Assets	\$ 359,598

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

As discussed in Note A to the financial statements, the League adopted Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made" and Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements for Not-for-Profit Organizations," in the year ended June 30, 1996.

Arthur J. Kelly, CPA

A Professional Accounting Corporation

December 28, 1996

Officers and Board of Directors
Urban League of Greater New Orleans, Inc.

Independent Auditor's Report

We have audited the statement of financial position of URBAN LEAGUE OF GREATER NEW ORLEANS, INC., as of June 30, 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 League'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 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.

As explained in Note D to the financial statements, accrued pension cost pertaining to the League's defined benefit plan is not recorded in accordance with Statement of Financial Accounting Standards (SFAS) No. 87, "Employers' Accounting for Pensions." In our opinion, generally accepted accounting principles require that accrued pension costs be recorded in accordance with SFAS No. 87.

In our opinion, except for the effects of not recording accrued pension costs in accordance with SFAS No. 87, the financial statements referred to above present fairly, in all material respects, the financial position of URBAN LEAGUE OF GREATER NEW ORLEANS, INC. as of June 30, 1996, and the changes in its net assets and cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 18, 1996, on our consideration of URBAN LEAGUE OF GREATER NEW ORLEANS, INC.'s internal control structure and a report dated December 18, 1996, on its compliance with laws and regulations.

A Professional Accounting Corporation

1001 Poydras Building, Suite 2000 N. Causeway Blvd., Metairie, LA 70002 (504) 885-5622 FAX: (504) 885-5625
P.O. Box 27, Metairie, LA 70002 (504) 885-5622 (504) 885-5625

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CONTENTS

<i>Independent Auditor's Report</i>	1 - 2
<i>Statement of Financial Position</i>	3
<i>Statement of Activities</i>	4
<i>Statement of Cash Flows</i>	5 - 6
<i>Statement of Functional Expenses</i>	7
<i>Notes to Financial Statements</i>	8 - 17
<i>Independent Auditor's Report on Supplementary Information</i>	18
<i>Statement of Revenue and Expenditures by Program</i>	19
SINGLE AUDIT SECTION:	
<i>Independent Auditor's Report on Schedule of Federal Awards</i>	20
<i>Schedule of Federal Awards</i>	21
<i>Independent Auditor's Report on Internal Control Structure Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</i>	22 - 23
<i>Independent Auditor's Report on Internal Control Structure Used in Administering Federal Awards</i>	24 - 26
<i>Independent Auditor's Report on Compliance Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</i>	27 - 28
<i>Independent Auditor's Report on Compliance with General Requirements Applicable to Federal Award Programs</i>	29
<i>Independent Auditor's Report on Compliance with Specific Requirements Applicable to Major Federal Award Programs</i>	30 - 31
<i>Schedule of Findings and Questioned Costs</i>	32
<i>Status of Prior Year Audit Findings</i>	33

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URBAN LEAGUE OF
GREATER NEW ORLEANS, INC.

June 30, 1966

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INDEXED
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Audit of Financial Statements

For The Year Ended
June 30, 1966

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or equivalent, state and city departments public officials. This report is available for public inspection by the Urban League of Greater New Orleans, at the office of the auditor of state.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT ACCOUNTING STANDARDS**

Officers and Board of Directors
Urban League of Greater New Orleans, Inc.

We have audited the financial statements of **URBAN LEAGUE OF GREATER NEW ORLEANS, INC.** (a nonprofit organization) for the year ended June 30, 1996, and have issued our report thereon dated December 18, 1996. In our report, our opinion was qualified because accrued pension cost pertaining to the League's defined benefit plan was not recorded in accordance with Statement of Financial Accounting Standards (SFAS) No. 87, "Employers' Accounting for Pensions."

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States. These 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 **URBAN LEAGUE OF GREATER NEW ORLEANS, 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 recorded 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 **URBAN LEAGUE OF GREATER NEW ORLEANS, INC.** for the year ended June 30, 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

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1000 Pine Lakeside, Greer, South Carolina 29615, (803) 885-1100, FAX: (803) 885-1101, (803) 885-1102

P.O. Box 27, Broadway Plaza, Columbia, South Carolina 29201, (803) 799-1000

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**UBSWS (BARR) IS ISSUING NEW RELEASE DVD
RECORDED BY FOCUS SOCIAL EXPENSES**
For the Year Ended June 30, 1994

	Program Services			Subprograms		Total
	Employment and Economic Development	Community and Family Services	Occupancy Programs	and Other	Food Bank	
Compensation Expenses	\$ 48,000	\$ 276,000	\$ 9,100	\$ 21,000	\$ 24,000	\$ 398,100
Occupancy Expenses	66,000	50,000	3,700	20,000	3,000	142,700
Fund	2,000	5,700	700	11,000	1,400	18,800
Other Charitable Program Expenses	11,000	20,000	2,100	14,000	4,000	51,100
Total Expenses Before Tax Credit	127,000	351,700	15,000	69,000	32,400	585,100
Charitable Contribution Credits Recognized and Expensed	21,000	471,200	2,400	24,000	16,700	535,300
Depreciation	-	-	-	1,000	-	1,000
Initial Costs Recognized	-	43,000	-	-	-	43,000
TOTAL EXPENSES	48,000	865,900	17,400	94,000	49,100	1,074,400

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE
TO MAJOR FEDERAL AWARD PROGRAMS

Officers and Board of Directors
Urban League of Greater New Orleans, Inc.

We have audited the financial statements of URBAN LEAGUE OF GREATER NEW ORLEANS, INC. (a nonprofit organization) for the year ended June 30, 1996, and have issued our report thereon dated December 18, 1996. In our report, our opinion was qualified because accrued pension cost pertaining to the League's defined benefit plan was not recorded in accordance with Statement of Financial Accounting Standards (SFAS) No. 83, "Employers' Accounting for Pensions."

We have also audited URBAN LEAGUE OF GREATER NEW ORLEANS, INC.'s compliance with the requirements governing types of services allowed or unallowed, eligibility, claims for advances and reimbursements, matching and amounts claimed or used for matching that are applicable to each of its major federal award programs, which are identified in the accompanying Schedule of Federal Awards, for the year ended June 30, 1996. The management of URBAN LEAGUE OF GREATER NEW ORLEANS, INC. is responsible for URBAN LEAGUE OF GREATER NEW ORLEANS, INC.'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, "Audit 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 specific requirements referred to in the second paragraph occurred. An audit includes examining, on a test basis, evidence about the URBAN LEAGUE OF GREATER NEW ORLEANS, INC.'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.

A Professional Accounting Corporation

1800 Poydras Center, 20th Floor, New Orleans, LA 70112 (504) 589-7000 FAX (504) 589-7001
1900 West 27th Street, New Covington, LA 70057 (504) 885-9900 FAX (504) 885-9901
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH GENERAL REQUIREMENTS APPLICABLE
TO FEDERAL AWARD PROGRAMS

Officers and Board of Directors
Urban League of Greater New Orleans, Inc.

We have audited the financial statements of URBAN LEAGUE OF GREATER NEW ORLEANS, INC. (a nonprofit organization) for the year ended June 30, 1996, and have issued our report thereon dated December 18, 1996. In our report, our opinion was qualified because accrued pension cost pertaining to the League's defined benefit plan was not recorded in accordance with Statement of Financial Accounting Standards (SFAS) No. 87, "Employers' Accounting for Pensions."

We have applied procedures to test URBAN LEAGUE OF GREATER NEW ORLEANS, INC.'s compliance with the following requirements applicable to its federal award programs, which are identified in the Schedule of Federal Awards, for the year ended June 30, 1996.

Political Activity Civil Rights Administrative Requirements	General Requirements	Allowable Costs Cash Management
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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 Nonprofit Institutions". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on URBAN LEAGUE OF GREATER NEW ORLEANS, 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 URBAN LEAGUE OF GREATER NEW ORLEANS, INC. has not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying Schedule of Findings and Questioned Costs.

This report is intended for the information of the Board of Directors, 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.

Shelby John Romig & Hand
A Professional Accounting Corporation

December 18, 1996

A Professional Accounting Corporation

1000 Poydras Building, Suite 3000, 1000 Poydras Building, Suite 3000, New Orleans, Louisiana 70112-3000

P.O. Box 27, New Orleans, Louisiana 70171-0027, (504) 581-1111, (504) 581-1112, (504) 581-1113, (504) 581-1114

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URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COST
 For the year ended June 30, 1996

Program	Finding	Questioned Cost
Headstart - CFDA 93.408 (Parent Child Center Program)	<p>Finding The Urban League requested a budget revision in order to allocate funding for renovations and equipment acquisitions for the program site. The League implemented the budget revision and utilized funds for the purposes of renovating the program site. However, approval of the budget revision was not provided by the funding source.</p> <p>Management's Response Procedures will be implemented whereby changes to the Parent Child Center Program will be made in conformity with the approved budget.</p>	N/A
Project Independence CFDA 93.561 (Project Assist)	<p>Finding The time and allocation records for an employee who worked on multiple Federally funded programs did not agree to the amount of salary and wages charged to the respective programs.</p> <p>Management's Response Procedures will be implemented to assure that charges made to Federally funded programs agree with employee time and allocation records.</p>	\$1,309

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
STATEMENT OF CASH FLOWS
For The Year Ended June 30, 1999

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid for Interest \$ 2,081

**SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING
AND INVESTING ACTIVITIES:**

Acquisition of Vehicles

Cost of Vehicles \$ 50,344

Equipment Loan (Net of Finance Cost of \$9,644) (30,700)

Cash Down Payment for Vehicles \$

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

- Effect:** This could have an indirect monetary effect on the financial statements should the state choose to discontinue funding based on this violation of law. State Revenue for the year ended June 30, 1996 was \$91,512.
- Cause:** The League's defined benefit pension plan administrator did not provide necessary plan information for the fiscal year ended June 30, 1996 on a timely basis. This was due to the plan administrator continuing to provide plan information on a calendar year basis rather than on the League's fiscal year basis.

We considered these instances of noncompliance in forming our opinion on whether the 1996 financial statements of the URBAN LEAGUE OF GREATER NEW ORLEANS, INC. (a nonprofit organization) are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated December 18, 1996, on those financial statements.

This report is intended for the information of the Board of Directors, 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.



A Professional Accounting Corporation

December 18, 1996



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT ACCOUNTING STANDARDS**

Officers and Board of Directors
Urban League of Greater New Orleans, Inc.

We have audited the financial statements of URBAN LEAGUE OF GREATER NEW ORLEANS, INC. (a nonprofit organization) for the year ended June 30, 1996, and have issued our report thereon dated December 18, 1996. In our report, our opinion was qualified because accrued pension cost pertaining to the League's defined benefit plan was not recorded in accordance with Statement of Financial Accounting Standards (SFAS) No. 87, "Employers' Accounting for Pensions."

We conducted our audit in accordance with generally accepted auditing standards and Government Accounting 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 URBAN LEAGUE OF GREATER NEW ORLEANS, INC. is the responsibility of URBAN LEAGUE OF GREATER NEW ORLEANS, INC.'s management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of URBAN LEAGUE OF GREATER NEW ORLEANS, 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 of compliance disclosed the following instance of noncompliance that is required to be reported herein under Government Accounting Standards:

- | | |
|------------|--|
| Condition: | The League did not follow the provisions of the Louisiana Revised Statute (LRS-R.S.) 24:513, which requires the audit to be completed and issued within six months of the close of the entity's fiscal year. |
| Criteria: | Under the above statute, the League's audit for the year ended June 30, 1996, should have been completed and issued by December 31, 1996. |

A Professional Accounting Corporation

1000 Texas Avenue, Suite 900, New Orleans, Louisiana 70112 Telephone: (504) 582-5222 Telex: 190210 LASH

P.O. Box 27, Shreveport, Louisiana 71202 Telephone: (504) 784-4500 Telex: 190210 LASH

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URBAN LEADER OF GREATER NEW ORLEANS, INC.
STATUS OF PRIOR YEAR AUDIT FINDINGS
For The Year Ended June 30, 1996

Employee Reimbursements

Prior Year Finding

A disbursement which was for reimbursement of Urban League expenses incurred by an employee did not have adequate documentation to support the amount of the disbursement.

Current Year Finding

We noted no instances in which reimbursements to employees were not supported by adequate documentation.

In-Kind Contributions

Prior Year Finding

It was noted in one instance that volunteer forms supporting the amount of in-kind contributions provided by volunteers was not signed by the volunteers, as required by the program management.

Current Year Finding

We noted no instances in which volunteer forms were not properly signed by the volunteers.

Claims for Reimbursement

Prior Year Finding

For one of the Urban League's federally funded programs, expenses per the general ledger did not agree with the total amounts billed to the funding source.

Current Year Finding

For all programs which are on a pass cost-reimbursement method of funding, the expense amounts reflected in the general ledgers agreed to the amounts billed to the respective funding sources.

The reportable condition noted during our audit is as follows:

Time Allocation Records

Time allocation records for one employee of a federally funded program did not agree with the time that was charged to that program.

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 award 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 policies and procedures used in administering federal awards 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 do not believe that the reportable condition described above is a material weakness.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of URBAN LEAGUE OF GREATER NEW ORLEANS, INC. in a separate letter dated December 18, 1996.

This report is intended for the information of the Board of Directors, 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.

Aditya Patel, CPA

A Professional Accounting Corporation

December 18, 1996

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 award programs in the following categories:

Accounting Applications	General Requirements	Specific Requirements
Cash Receipts	Political Activity	Types of Services
Procuring/Receiving	Civil Rights	Allowed or Unallowed
Accounts Payable	Cash Management	Eligibility
Cash Disbursements	Allowable Costs	Claims for Advances and Reimbursements
Payroll	Administrative Requirements	Matching and Allowability of Amounts Claimed or Used for Matching
Property and Equipment		
General Ledger		
Receivables		

For all of the internal control structure categories listed in the preceding paragraph, 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 June 30, 1996, URBAN LEAGUE OF GREATER NEW ORLEANS, INC. expended 100% of its total federal awards under major federal award programs.

We performed tests of controls, as required by OMB Circular A-115, 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 URBAN LEAGUE OF GREATER NEW ORLEANS, INC.'s major federal award 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 relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect URBAN LEAGUE OF GREATER NEW ORLEANS, INC.'s ability to administer federal award programs in accordance with applicable laws and regulations.

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

Officers and Board of Directors
Urban League of Greater New Orleans, Inc.

We have audited the financial statements of **URBAN LEAGUE OF GREATER NEW ORLEANS, INC.**, an nonprofit organization for the year ended June 30, 1996, and have issued our report thereon dated December 18, 1996. In our report, our opinion was qualified because several pension cost pertaining to the League's defined benefit plan was not recorded in accordance with Statement of Financial Accounting Standards (SFAS) No. 37, "Employers' Accounting for Pensions." We have also audited the compliance of the Urban League with requirements applicable to major federal award programs and have issued our report thereon dated December 18, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Accounting Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-133, "Audit 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 the financial statements are free of material misstatement and about whether the Urban League complied with laws and regulations, noncompliance with which would be material to a major federal award program.

In planning and performing our audits for the year ended June 30, 1996, we considered the internal control structure of **URBAN LEAGUE OF GREATER NEW ORLEANS, INC.** in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements of **URBAN LEAGUE OF GREATER NEW ORLEANS, INC.** 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 award programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated December 18, 1996.

The management of **URBAN LEAGUE OF GREATER NEW ORLEANS, 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, 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 structure, errors,

A Professional Accounting Corporation

800 Third Subversary Center, 801 N. Canfield Blvd., Metairie, LA 70002 (504) 885-7111 FAX (504) 885-9121
P.O. Box 27, Metairie 70002 or 144 Maple St., LA 70002 (504) 885-4600 FAX (504) 885-5600

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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 Organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

The reportable condition noted during our audit is as follows:

Time Allocation Records:

Time allocation records for one employee of a federally funded program did not agree with the time that was charged to that program.

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.

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 do not believe the reportable condition described above is a material weakness.

We also noted other matters involving the internal control structure and its operation that we have communicated to the management of URBAN LEAGUE OF GREATER NEW ORLEANS, INC. in a separate letter dated December 18, 1998.

This report is intended for the information of the Board of Directors, 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.

Arthur J. King & Associates
A Professional Accounting Corporation

December 18, 1998

In our opinion, URBAN LEADER OF GREATER NEW ORLEANS, INC. complied, in all material respects, with the specific requirements referred to in the second paragraph that are applicable to each of its major federal programs for the year ended June 30, 1966.

This report is intended for the information of the Board of Directors, 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.



A Professional Accounting Corporation

December 18, 1966

EMERGENCY ELIGIBILITY (Continued)

It should be noted that for both findings, the participant files had documentation indicating that the respective documentation was needed. For our discussions with the program management, there were particular circumstances, beyond the control of the Urban League, which prevented the Urban League from obtaining the needed documentation on a timely basis.

BID SOLICITATION/SELECTION OF VENDOR

During the fiscal year, the Parson Child Center purchased approximately \$10,000 of various playground equipment and children's learning toys from one vendor. For federally funded programs, management is required to maintain documentation regarding the selection of the vendor for those purchases which exceed \$25,000.

Management of the Urban League stated that bids were received from three separate vendors, and that the lowest bid was accepted. However, management was unable to provide us with documentation of the bids nor the selection of the lowest bidder.

The Urban League should utilize the bid process for all major purchases in order to obtain competitive prices. In addition, all bid documentation received should be retained and the selection of the vendor should be documented by the appropriate level of management.

This report is intended solely for the information and use of the board of directors, management, and others within the organization.

We appreciate the confidence you have placed in us by allowing us to serve the URBAN LEAGUE OF GREATER NEW ORLEANS, INC. If we can assist you in any way with the above, please do not hesitate to contact us.

Very truly yours,

LafORTE, SEBET, BOMIG & HAYD



James J. Hayd, III
Certified Public Accountant