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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Kovier Triangle Neighborhood Development Corporation

We have audited the financial statements listed in the Table of Contents of the Kovier Triangle Neighborhood Development Corporation in non-profit corporation as of June 30, 1996 and for the year then ended. These financial statements are the responsibility of the management of the Kovier Triangle Neighborhood Development Corporation. 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 OMB Circular A-133. These standards and the provisions of 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.

In our opinion, the financial statements listed in the Table of Contents present fairly, in all material respects, the financial position of the Kovier Triangle Neighborhood Development Corporation as of June 30, 1996, and the results of its operations, changes in fund balance and its cash flows for the year then ended in conformity with generally accepted accounting principles.

XAVIER TRIANGLE NEIGHBORHOOD DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1995

Cash flows from operating activities:	
Excess of revenues and support over expenses	\$ 72,682
Adjustments to reconcile excess of revenues and support over expenses to net cash provided by operating activities:	
Add: Depreciation expense	2,890
Changes in assets and liabilities:	
Increase in grants receivable	(83,717)
Increase in due to Xavier University	60,834
Decrease in deferred revenue	(15,708)
Net cash provided by operating activities	<u>75,979</u>
Cash flows from investing activities:	
Equipment purchases	(15,987)
Net cash used in investing activities	<u>(15,987)</u>
Increase in cash and cash equivalents	59,992
Cash at June 30, 1995	<u>62,950</u>
Cash at June 30, 1990	<u>\$122,922</u>

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

MAYER TRIANGLE NEIGHBORHOOD DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, SUPPORT AND EXPENSES

AND

CHANGES IN FUND BALANCE

(CONTINUED)

FOR THE YEAR ENDED JUNE 30, 1999

	REVENUE	EXPENSE	Change Overhead Budget	De-Op Household	Other Leasing Budget	Total Budget	Property Fund	Total (Memorandum Only) 2002.12
Excess (deficiency) of revenues and support over expenses	21,201	760	0	0	90,897	74,712	(1,810)	72,902
Fund balance, beginning of year	11,281	0	0	0	0	11,281	0	11,281
Other changes: Transfers of employees	(12,260)	0	0	0	0	(12,260)	21,260	0
Fund balance, end of year	\$ 1,221	\$ 760	\$ 0	\$ 0	\$ 90,897	\$ 73,733	\$ 20,410	\$ 94,143

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

**XAVIER TRIANGLE NEIGHBORHOOD DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - ORGANIZATION

Xavier Triangle Neighborhood Development Corporation (Xavier Triangle) is a nonprofit Corporation located in New Orleans, Louisiana. The Xavier Triangle was formed for the purpose of improving the living conditions of members and residents of the Xavier Triangle who was incorporated on June 10, 1981 which encompasses the areas from Carrollton to South Jefferson Davis Parkway and Howard to Waldenway. Xavier Triangle was created to facilitate neighborhood revitalization and beautification including economic, business, civic, social and recreational services, education and training, technical assistance, advocacy and housing and physical infrastructural development considerations to benefit its membership and the residents of the community.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Principles of Accounting

The financial statements of the Xavier Triangle are prepared in accordance with generally accepted accounting principles, and are prepared on the accrual basis. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

B. Cash and Cash Equivalents

Cash consists solely of General deposits fully secured by federal deposit insurance. For purposes of the statement of cash flows, the management of Xavier Triangle considers all time deposits and certificates of deposits with a maturity of three months or less to be cash equivalents.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Navier Triangle Neighborhood Development Corporation

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of federal awards 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.

In accordance with Government Auditing Standards, we have also issued a report dated January 31, 1997 on our consideration of Navier Triangle's internal control structure and a report dated January 31, 1997 on its compliance with laws and regulations.

Bruno & Tervalon

BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

January 31, 1997

Bruno

CERTIFIED PUBLIC ACCOUNTANTS

& Tervalon

MAYER TRIANGLE NEIGHBORHOOD DEVELOPMENT CORPORATION
BALANCE SHEET
JUNE 30, 1978

ASSETS

	1978-79	1977-78	Over-Occupied Bldgs.	Co-Op Residences	Mgmt. Leasing Project	Total Programs	Property Fund	Total (Nonrecurring)
Current Assets								
Cash	\$ 75,348	\$ 49,724	\$ -	\$ -	\$ 11,024	\$ 121,923	\$ -	\$ 121,923
Over-occupiable Equipments (Net accumulated depreciation of \$1,287) (NOTE 1)	-	15,685	14,658	9,685	21,879	61,409	-	61,409
	-	-	-	-	-	-	25,118	25,118
Total assets	\$ 75,348	\$ 65,409	\$ 14,658	\$ 9,685	\$ 32,903	\$ 183,332	\$ 25,118	\$ 208,450

LIABILITIES

Due to Junior University (NOTE 4)	\$ 19,040	\$ 30	\$ 14,658	\$ 9,685	\$ 32,305	\$ 81,238	\$ -	\$ 81,238
Deferred income	-	64,373	-	-	-	64,373	-	64,373
Total liabilities	19,040	64,373	14,658	9,685	32,305	145,914	-	145,914
Fund Balance								
Fund balance	56,308	200	-	-	30,598	37,993	25,118	84,209
Total fund balance	56,308	200	-	-	30,598	37,993	25,118	84,209
Total liabilities and fund balance	\$ 75,348	\$ 65,409	\$ 14,658	\$ 9,685	\$ 32,903	\$ 183,332	\$ 25,118	\$ 208,450

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

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(CONTINUED)

3. PAYROLL TAX REPORTING, Continued

As such, we recommend that in the immediate future Xavier Triangle files its own payroll tax returns with its own Federal tax identification number.

Current Status

Xavier Triangle is presently developing an appropriate methodology to resolve this condition.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with appropriate personnel of Xavier Triangle and we will be pleased to discuss them in further detail at your earliest convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

*Bruno & Tervalon***BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS**

January 31, 1997

1. VALUATION OF CONTRIBUTED FACILITIES

We noted that Xavier Triangle had not recorded the value of contributed office space and utilities as provided by Xavier University. Generally accepted accounting principles require that the fair market value of the services or facilities be recorded as revenue and expense on the non-profit organization's Statement of Revenues, Support, Expenses, and Changes in Fund Balance.

We recommend that Xavier Triangle develop procedures to value contributions of office space, utilities, and services at a rate which realistically measures the value of the contribution.

Current Status

Xavier Triangle is developing appropriate procedures to establish values for the noted in-kind contributions.

2. MAINTENANCE OF A SEPARATE ACCOUNTING SYSTEM

We noted that Xavier Triangle does not maintain an accounting system separate and apart from Xavier University.

We recommend that Xavier Triangle develop an accounting system to maintain their own accounting transactions. This will be essential as the Triangle expands its services.

Current Status

The Xavier Triangle has acquired appropriate computer software to facilitate the maintenance of a separate fund accounting system.

3. PAYROLL TAX REPORTING

We also noted that Xavier Triangle does not file its own payroll tax forms, but files under Xavier University's federal tax identification number.

In the initial years of operations this practice would be acceptable to the Internal Revenue Service. However, as the organization expands its operations and receives more contributions and grants, it would be inappropriate for the organization to continue this practice.

**INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)**

1. INTERNAL CONTROL

We noted the following conditions during our audit:

Payroll

We noted one (1) instance out of seven (7) tested whereby the employee's "Notice of Personnel Action" form was not signed by the Personnel Director.

We recommend that management of Xavier Triangle adhere to established procedures.

Cash Disbursements

We noted one (1) out of thirty-five (35) instances whereby the approved vendor invoice was not properly totaled resulting in a disbursement being made of \$400 in excess of actual costs.

We recommend that management of Xavier Triangle take immediate steps to obtain a refund from the vendor. Additionally, we recommend that management adhere to established procedures when processing invoices for payment.

**2. TIMELY COMPLETION OF THE
AUDIT OF THE FINANCIAL STATEMENTS**

We noted during our audit that management had not adhered to established procedures with regard to the timely issuance of the audited financial statements as stipulated by state statutes. This condition was caused by certain accounting records not being available on a timely basis.

We recommend that management of Xavier Triangle adhere to established procedures and ensure that audited financial statements are completed and issued within six (6) months of the close of the fiscal year.

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INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

To the Board of Directors
Navier Triangle Neighborhood
Development Corporation

We have audited the financial statements of the Navier Triangle Neighborhood Development Corporation (Navier Triangle) for the year ended June 30, 1996 and have issued our report thereon dated January 31, 1997.

As part of our audit, we made a study and evaluation of the internal control structure, including applicable internal administrative controls used in administering federal financial assistance programs, to the extent we considered necessary to evaluate the internal control structure as required by generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, the Single Audit Act of 1984, and the provisions of OMB Circular A-133.

As indicated to you during the audit exit conference, we became aware of certain matters during our audit that are opportunities for strengthening internal control and operating efficiency. These matters, which were discussed with you, are summarized in this communication for appropriate corrective action.

This letter does not affect our report dated January 31, 1997 on the financial statements of Navier Triangle. This report is solely for the information and use of the Board of Directors, and management.

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FEB 28 1997

U.S. DEPARTMENT OF JUSTICE

XAVIER TRIANGLE NEIGHBORHOOD DEVELOPMENT CORPORATION

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the Auditor, or receiver, entity and other appropriate public officials. This report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4-2-97

FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 1996

Bruno
& Tervalon

CONFIDENTIAL - NOT FOR DISSEMINATION

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

To the Board of Directors of
Kavler Triangle Neighborhood
Development Corporation

We have audited the financial statements of Kavler Triangle Neighborhood Development Corporation (a nonprofit organization) as of and for the year ended June 30, 1998, and have issued our report thereon dated January 31, 1997.

We have applied procedures to test the Kavler Triangle Neighborhood Development Corporation's (Kavler Triangle) compliance with the following requirements applicable to its federal awards program, which are identified in the accompanying schedule of federal awards for the year ended June 30, 1996:

General Requirements

- | | |
|---------------------------|--------------------------------------|
| o Political Activity | o Federal Financial Reports |
| o Davis-Bacon Act | o Allowable Costs/Cont
principles |
| o Civil Rights | o Administrative Requirements |
| o Drug Free Workplace Act | |

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

**XAVIER TRIANGLE NEIGHBORHOOD DEVELOPMENT CORPORATION
EXIT CONFERENCE**

An exit conference was held and those in attendance were as follows:

XAVIER TRIANGLE NEIGHBORHOOD DEVELOPMENT CORPORATION

Ms. Brenda Davittier -- Executive Director
Ms. Joyce Condifer -- Xavier University's
Grants Accountant

BRUNG & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Edward J. Phillips, Jr. -- Senior Manager
Ms. Denise Scott, CPA -- Audit Senior

The audit report was discussed. This report is intended solely for the use of the Board of Directors, Management, and Xavier Triangle's grantees.

Bruno & Tervalon

**BRUNG & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS**

January 22, 1987

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

(CONTINUED)

To the Board of Directors of
Navier Triangle Neighborhood
Development Corporation

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Navier Triangle had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of non-compliance with those requirements.

This report is intended for the information of the Board of directors, management, and regulatory agencies. This restriction is not intended to limit the distribution of this report.

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

January 31, 1987

XAVIER TRIANGLE NEIGHBORHOOD DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
CONTINUED

C. Fund Accounting

Each program and grant administered by the Xavier Triangle is accounted for as a separate fund. Accordingly, resources for various programs are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund.

The following is a brief description of the programs administered by Xavier Triangle during the year under audit:

- o Neighborhood Housing Improvement Fund (N.H.I.F.) is a non-federal grant from the City of New Orleans which was granted for the purpose of assisting residents in becoming first time homebuyers through a housing cooperative and to reduce blight in the Xavier Triangle area.
- o HOME fund is a federal grant from the city of New Orleans, Department of Housing and Neighborhood Development which was granted for the purpose of assisting Xavier Triangle with operating expenses consistent with the federal regulations.
- o Seedco is a private grant from Structured Employment and Economic Development Corporation which is to be used to assist Xavier Triangle in its operation of a neighborhood-based Community Development Corporation (CDC).
- o Owner occupied rehab is a federal grant from the City of New Orleans, Department of Housing and Neighborhood Development under the Home Investment Partnership Program and the Community Development Block Grant Program which were granted for the purpose of benefiting principally low and moderate income persons by providing owner occupied rehabilitation services.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR
FEDERAL AWARDS PROGRAM TRANSACTIONS

To the Board of Directors of
Navier Triangle Neighborhood
development corporation

This report is intended for the information of the Board of Directors, management, and regulatory agencies. This restriction is not intended to limit the distribution of this report.

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

January 31, 1997

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH LAWS AND REGULATIONS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

To the Board of Directors of
Xavier Triangle Neighborhood Development Corporation

This report is intended for the information of the Board of Directors, management and regulatory agencies. This restriction is not intended to limit the distribution of this report.

Bruno & Tervalon

BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

January 31, 1997

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

To the Board of Directors
Xavier Triangle Neighborhood Development Corporation

We have audited the financial statements of Xavier Triangle Neighborhood Development Corporation (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated January 31, 1997.

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 the Xavier Triangle Neighborhood Development Corporation (Xavier Triangle) is the responsibility of Xavier Triangle's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Xavier Triangle'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 disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

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

(CONTINUED)

To the Board of Directors of
Xavier Triangle Neighborhood
Development Corporation

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of Xavier Triangle in a separate letter dated January 31, 1997.

This report is intended for the information of the Board of Directors, management, and regulatory agencies. This restriction is not intended to limit the distribution of this report.

Bruno & Tervalon

BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

January 31, 1997

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

(CONTINUED)

To the Board of Directors of
Kessler Triangle Neighborhood
Development Corporation

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

During the year ended June 30, 1984, Kessler Triangle had no major federal award programs and expended 100% percent of its total federal awards under Community Development Block Grant and Home Investment Partnership Program non-major federal award programs.

We performed tests of controls, as required by SAS 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 non-compliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned non-major federal award programs. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal awards would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that non-compliance 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. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

SUPPLEMENTAL INFORMATION

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

(CONTINUED)

To the Board of Directors of
Xavier Triangle Neighborhood
Development Corporation

The management of Xavier Triangle 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 recorded in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal award programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

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

- | | |
|--|---|
| o Revenues | o Specific Requirements |
| o Reimbursements | o Eligibility |
| o Cash Receipts | o Political Activity |
| o Cash Disbursements | o Davis Bacon Act |
| o Payroll | o Civil Rights |
| o Property and Equipment | o Cash Management |
| o Cost Allocation - Allowable
Costs/Cost Principles | o Federal Financial Reports |
| o EDP Controls | o Types of Services allowed or
Not Allowed |
| o Budgeting | o Drug Free Workplace |
| o Matching | o Administrative Requirements |

XAVIER TRIANGLE NEIGHBORHOOD DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

C. Fund Accounting, Continued

- a Co-Op Homebuyer is a federal grant from the City of New Orleans, under the HOME Investment Partnership Program which was granted from the Home set aside funds for organizations that have been formally designated as Community Housing Development Organizations which serve the housing needs of citizens within the Community who have a low-moderate income designation. This grant is for the purpose of developing a limited equity housing cooperative.
- b Micro Lending Project is a non-federal grant from the City of New Orleans', Economic Development Fund which was granted for the purpose of establishing a successful micro-loan program for the Xavier Triangle Community and to develop the capacity to administer micro-loan projects for other organizations.

During the year, Xavier University of Louisiana was the recipient of a grant award from the U. S. Department of Housing and Urban Development's (HDB) historically Black colleges and Universities (HBCU) program. These services were essentially performed by the management of Xavier Triangle on behalf of Xavier University. Expenditures associated with grant activities, which were recorded on the books of Xavier University are as follows at June 30, 1996:

Description	Amount
Salaries and fringe benefits	\$ 98,900
Travel	267
Supplies	2,800
Indirect costs	12,944
Furniture and fixtures	81,100
Other	____3,128
Total	\$128,238

D. Deferred Revenues

Grant revenues received in advance of performing related grant activities are deferred until such activities are completed. Revenues received from the SHIP Grant, but not yet earned totaled \$44,778 at June 30, 1996.

XAVIER TRIANGLE NEIGHBORHOOD DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

NOTE 6 - RELATED PARTY TRANSACTIONS

Xavier University provides certain accounting and fiscal management functions for Xavier Triangle at a cost as mutually agreed per the contract between the two parties.

Additionally, Xavier University provides office space, meeting space, utilities, and use of University services to the Xavier Triangle. The value of these benefits have not been recorded in the financial statements since the related amount has not been determined.

NOTE 7 - Fair Value of Financial Instruments:

The estimated fair value of all significant financial amounts have been determined by Xavier Triangle using available market information and appropriate valuation methodologies. Xavier Triangle considers the carrying amounts of cash, grants receivable, and deferred revenue to be fair value.

JAVIER TRIANGLE REDEVELOPMENT CORPORATION
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1994

Federal/Pass Through Grantor Program Title	CFDA Number	Expenditures
Non-Major Program		
U. S. Department of Housing and Urban Development - Passed through the City of New Orleans		
Home Investment Partnership Program - Co-Op Home Buyer	14.209	\$ 9,485
Community Development Block Grant/Home Investment Partnership Program - Owner Occupied Rehabilitation	14.214/ 14.209	42,936
Home Investment Partnership Program - Home Fund	14.209	29,980
Total		\$72,401

See the Independent Auditors' Report on Supplementary Information.

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

to the Board of Directors
Xavier Triangle Neighborhood Development Corporation

We have audited the financial statements of Xavier Triangle Neighborhood Development Corporation (a non-profit organization) as of and for the year ended June 30, 1996 and have issued our report thereon dated, January 31, 1997.

We conducted our audit in accordance with generally accepted auditing standards and 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 the Xavier Triangle Neighborhood Development Corporation (Xavier Triangle) 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.

**INDEPENDENT AUDITORS REPORT ON THE INTERNAL
CONTROL STRUCTURE BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GAS
(CONTINUED)**

To the Board of Directors
Naxlar Triangle Neighborhood Development Corporation

In planning and performing our audit of the financial statements of the Naxlar Triangle for the year ended June 30, 1998, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of Naxlar Triangle in a separate letter dated January 31, 1997.

This report is intended for the information of the Board of Directors, management, and regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

January 31, 1997

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

To the Board of Directors of
Xavier Triangle Neighborhood
Development Corporation

We have audited the financial statements of Xavier Triangle Neighborhood Development Corporation (a non-profit organization) as of and for the year ended June 30, 1996, and have issued our Report Thereon dated January 31, 1997.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and the provisions of 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.

In planning and performing our audit for the year ended June 30, 1996, we considered the Xavier Triangle Neighborhood Development Corporation's (Xavier Triangle) internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the Xavier Triangle's financial statements 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 January 31, 1997.

XAVIER TRIANGLE NEIGHBORHOOD DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
CONTINUED

E. Total Column on the Financial Statements

The total column on the financial statements is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. This data is not comparable to a consolidation and inter-fund eliminations have not been made in the aggregation of this data.

NOTE 3 - FIXED ASSETS

Fixed assets are stated at cost if purchased or if contributed at the fair value at the date of the contribution. Xavier Triangle's fixed assets at June 30, 1996 were composed of the following:

Balance 07/01/95	Additions	Balance 06/30/96
\$12,318	\$15,258	\$28,227

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets which are ten years.

Depreciation on the above noted assets total \$2,000 at June 30, 1996.

NOTE 4 - DUE TO XAVIER UNIVERSITY

As June 30, 1996, Xavier University had not been reimbursed by Xavier Triangle for expenditures incurred with respect to the SERDCO, MHIF, HOME, Owner Occupied Rehab, Co-Op Homebuyer and NCCCO Lending Program grants, totaling \$93,501.

NOTE 5 - INCOME TAXES

Xavier Triangle Neighborhood Development Corporation is exempt from corporate income taxes under Section 501(c)(13) of the Internal Revenue Code.