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**TWELFTH WARD SAVE OUR COMMUNITY
ORGANIZATION, INC.**

FINANCIAL AND COMPLIANCE AUDIT

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 1997

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

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Twelfth Ward Save Our Community
Organization, Inc.

We have audited the accompanying statement of financial position of Twelfth Ward Save Our Community Organization, Inc. (a not-profit corporation) as of June 30, 1997, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the management of the Twelfth Ward Save Our Community Organization, Inc. (the Organization). 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 and the standards applicable to financial audits contained in 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Twelfth Ward Save Our Community Organization, Inc. as of June 30, 1997, changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Twelfth Ward Save Our Community
Organization, Inc.
Page 2

As discussed in NOTE 2 to the financial statements, in 1998 the organization changed its method of accounting for contributions and its method of financial reporting and financial statements presentation.

As described in NOTE 3 to the financial statements, the Organization changed its method of accounting for depreciation of property and equipment.

In accordance with Government Auditing Standards, we have also issued our report dated January 30, 1998 on our consideration of Twelfth Ward Save Our Community Organization, Inc. internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Twelfth Ward Save Our Community Organization, Inc. taken as a whole. The accompanying schedule of grant activity is presented for purposes of additional analysis and is not 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.

Bruno & Tervalon

BRUNO & TERVALÓN
CERTIFIED PUBLIC ACCOUNTANTS

JANUARY 30, 1998

Bruno

CERTIFIED PUBLIC ACCOUNTANTS

& Tervalon

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1987

ASSETS

| | |
|---|--------------|
| Current Assets: | |
| Cash | \$ 48,242 |
| Promise to give | 5,000 |
| Security deposits | <u>3,000</u> |
| Total current assets | 56,242 |
| Property and equipment, net (NOTES 5 AND 6) | 52,589 |
| Total assets | \$107,831 |

LIABILITIES AND NET ASSETS

| | |
|---------------------------------------|---------------|
| Current Liabilities: | |
| Accounts payable and accrued expenses | \$ 31,622 |
| Total current liabilities | <u>31,622</u> |

CONTINGENCIES (NOTE 9)

| | |
|----------------------------------|--------------|
| Net Assets: | |
| Unrestricted net assets | 68,894 |
| Temporarily restricted (NOTE 7) | <u>3,000</u> |
| Total net assets | 72,894 |
| Total liabilities and net assets | \$107,831 |

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

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1997

| | UNRESTRICTED | TEMPORARILY RESTRICTED | TOTAL |
|---|------------------|---------------------------|------------------|
| Revenues and Support: | | | |
| Grantor-State of Louisiana contribution | \$578,983 | \$ -0- | \$578,983 |
| | _____ | 3,600 | ____3,600 |
| Total unrestricted revenue and support | 578,983 | 3,600 | 582,583 |
| Expenses: | | | |
| Martin Luther King Training and Community Center program | 112,124 | -0- | 112,124 |
| Miles Reading and Math program | 282,155 | -0- | 282,155 |
| Martin Luther King Homeless Services program | 102,473 | -0- | 102,473 |
| Miles - Broadway Senior Center program | 72,182 | -0- | 72,182 |
| Total expenses | 573,934 | -0- | 573,934 |
| Change in net assets before cumulative effect in accounting principle | 5,049 | 5,000 | 10,049 |
| Cumulative effect of change in accounting for depreciation of property and equipment | (36,138) | -0- | (36,138) |
| Change in net assets | (41,154) | 5,000 | (40,154) |
| Net assets at beginning of year-restated (NOTE 4) | 113,708 | -0- | 113,708 |
| Net assets at end of year | \$ 72,554 | \$5,000 | \$ 77,554 |

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

RESULTS AND BALANCE SHEET FOR COMMUNITY ORGANIZATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 1987

| | STATE OF ILLINOIS, GOVERNOR'S OFFICE | | | |
|--|--|--|---|---|
| | OFFICE OF HUMAN AFFAIRS AND DEVELOPMENT | NEW ORLEANS COUNCIL ON AIDS | | |
| | STARTER LITTON KING TRAINING AND COMMITTEE CENTER PROGRAM | CELLAR READING AND BIRTH PROGRAM | MAURICE LAMORE BIRTH BOOKSHELF SERVICES PROGRAM | BILLIAM-BENSON STARTER CENTER PROGRAM |
| Salaries and wages | \$ 28,028 | \$122,484 | \$ 66,490 | \$12,000 |
| fringe benefits | 4,213 | 22,188 | 9,888 | 2,881 |
| Supplies | 2,038 | 8,088 | 4,252 | 2,847 |
| Travel | 987 | 2,722 | 2,202 | 6,882 |
| Utilities | 2,882 | 82 | 4,824 | 0- |
| Professional services | 9,480 | 25,462 | 2,808 | 2,808 |
| Materials and supplies | 420 | 0- | 50 | 2,884 |
| Telephone | 8,228 | 2,224 | 2,122 | 500 |
| Postage and shipping | 282 | 282 | 282 | 64 |
| Printing and publications | 280 | 281 | 0- | 74 |
| Bank charges | 0- | 1 | 1 | 0- |
| Other | 822 | 2,276 | 2,282 | 26 |
| Trental and automobile | 888 | 828 | 2,281 | 2,282 |
| Food sales | 0- | 0- | 0- | 0- |
| Company | 0- | 28,288 | 8,480 | 2,488 |
| contractual services | 62,288 | 0- | 0- | 2,288 |
| Total expenses before depreciation (note 4) | 227,822 | 278,282 | 282,822 | 22,882 |
| Depreciation | 0,282 | 4,282 | 2,482 | 2,222 |
| Total expenses | \$228,104 | \$282,564 | \$285,304 | \$25,104 |

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

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1997

| | |
|---|------------------|
| Cash Flows from Operating Activities: | |
| Change in net assets | \$(40,154) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 18,846 |
| Changes in assets and liabilities: | |
| (Increase) in premisses to give | (5,800) |
| Decrease in other assets | 16,199 |
| Increase in accounts payable and accrued expenses | 13,622 |
| Cumulative effect of change in accounting for depreciation of property and equipment | <u>89,188</u> |
| Net cash provided by operating activities | 80,811 |
| Cash Flows from Investing Activities: | |
| Purchase of equipment | (14,244) |
| Net cash used in investing activities | (14,244) |
| Decrease in cash | (3,453) |
| Cash, June 30, 1996 | 45,825 |
| Cash, June 30, 1997 | <u>\$ 42,372</u> |
| Supplemental Disclosure of Cash Flow Information: | |
| Interest paid | \$ _____ |

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

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Organization and Purpose:

Background

The Twelfth Ward Save Our Community Organization, Inc. (the "Organization") is a not-for-profit corporation organized under the laws of the State of Louisiana. The purpose for which the Organization is organized are exclusively religious, charitable, scientific, literary, and educational within the meaning of Section 505(c)(3) of the Internal Revenue Code of 1986 or the corresponding provision of any future United States Internal Revenue Law.

General

As of June 30, 1987, the Organization administered the following programs:

- o Martin Luther King Training and Community Center Program;
- o Milan Reading and Math Program;
- o Milan-Broadmoor Senior Center Program;
- o Martin Luther King Bookstore Services Program.

A brief description of each program follows:

o Martin Luther King Training and Community Center Program

The Martin Luther King Training and Community Center Program began its operation in 1985. The program was created to satisfy a need to assist people in obtaining marketable job skills. The program aims to provide participants with a working knowledge of computer operation, to allow the participants an opportunity to master typing skills and to provide students with a basic knowledge of business mathematical functions.

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Organization and Purpose, continued:

o Milan Reading and Math Program

The Milan Reading and Math Program was established in 1977. The main purpose of the program is to provide places of study in reading and mathematics to enrollees of the program. Also, the program provides assistance to students in reading, mathematics, homework assistance, computer literacy and other special projects that students may have to do for school. The main goals are to help the students advance in their school work and advance in grade level.

o Milan-Broadmoor Senior Center Program

The Milan-Broadmoor Senior Center Program was established in 1977. The program was created to facilitate and actively administer to its many elderly their need of supportive services and activities which will enhance their dignity, foster their independence and encourage community involvement. The program provides transportation for seniors to and from the center to receive a well balanced mid-day meal. Other activities are planned for socialization, health related, recreational and educational activities.

o Martin Luther King Homemaker Services Program

The Martin Luther King Homemaker Services Program began in 1980. The major activities of the program consist of performing routine household tasks including dusting, washing dishes, sweeping, running errands, shopping, and some other services needed or requested by clients. The program provides companionship and any other socialization or cleaning activities that will make the clients daily living easier.

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies:

Basis of Accounting

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

Use of Estimates

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.

Changes in Accounting Principles

During the year ended June 30, 1997, the Organization adopted an accounting policy that provides for the depreciation of fixed assets. The financial statements have been restated to show the effect of the depreciation. The effect of the restatement was to decrease change in net assets at June 30, 1997 by \$60,100.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the financial statements.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, continued:

Contributions, Continued

year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine the uncollectibility unconditional promises receivable. The allowance is based on prior year's experience and management's analysis of specific promises made.

Contributed Equipment

Contributed equipment is recorded at fair value at the date of donation. If a donor stipulates how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of equipment are recorded as unrestricted support.

Financial Statement Presentation

During 1997, the Organization elected to adopt Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made", and SFAS No. 117, "Financial Statements of Not-for-Profit Organizations". SFAS No. 116 requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Under SFAS No. 117, the organization 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 Organization is required to present a

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Summary of Significant Accounting Policies. Continued:

Financial Statement Presentation. Continued

statement of cash flows. As permitted by this statement, the organization has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the required classes of net assets. At June 30, 1997 the organization has no permanently restricted net assets.

Fair Value of Financial Instruments

The estimated fair value of all significant financial statement amounts have been determined by the organization using available market information and appropriate valuation methodologies.

The organization considers the carrying amounts to cash, promises to give, accounts payable and accrued expenses to approximate fair value.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation.

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

Revenues and Support Recognition

Revenues received under government grant programs are recognized when earned.

Contributions are recognized as revenue when they are received or unconditionally pledged.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Promise to Give:

Promise to give at June 30, 1997 represents amount committed by donor that has not been received by the Organization. Allowance for estimated uncollectible promise to give amounted to \$-0- as of June 30, 1997.

NOTE 4 - Net Assets/Restated:

The Organization adopted the accounting policies contained in SFAS No. 116 and SFAS No. 117. As a result, the organization has restated its net assets balances as of June 30, 1996 to conform to the policies and presentation requirements of SFAS 116 and SFAS 117 as follows:

| | |
|--|----------------------|
| Balance, beginning of year as previously reported | \$126,750 |
| Prior-period adjustments--overstated of fund balance | <u>(13,045)</u> |
| Balance, beginning of year as restated | <u>\$113,705</u> |

NOTE 5 - Property and Equipment:

Property and equipment consisted of the following at June 30, 1997:

| | |
|-----------------------------------|----------------------|
| Furniture and equipment | \$ 97,136 |
| Automobile | <u>12,000</u> |
| | 119,136 |
| Less accumulated depreciation | <u>(46,188)</u> |
| Total | <u>\$ 72,948</u> |

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - Program Costs:

Program costs consist of the following at June 30, 1997:

| | |
|--|---------------|
| Program services - all programs | \$507,993 |
| Transfer - equipment purchases all programs | <u>54,364</u> |
| Total costs-all programs | \$562,357 |

NOTE 7 - Temporarily Restricted Net Assets:

Temporarily restricted net assets is available for the purpose of supporting the purchase of computers, enhance library, do a needs assessment for low income housing in the Wilson area and to upgrade the electrical system in the building. Total amount restricted at June 30, 1997 was \$8,000.

NOTE 8 - Commitments:

Rental expenses resulting from facility operating leases approximate \$24,980 for the year ended June 30, 1997.

The future minimum lease payments under noncancelable operating leases as of June 30, 1997, that have remaining lease terms within a year or less amount to \$19,208.

The Organization has entered into contractual arrangements with certain individuals to provide operational assistance, tutorial, self-development, and recreational assistance. Such contracts are generally for six (6) to twelve (12) month periods.

NOTE 9 - Contingencies:

The Organization is a recipient of grants from state funds. These grants are governed by various state guidelines, regulations, and contractual agreements.

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - Contingencies, continued:

The administration of the program and activities funded by these grants is under the control and administration of the organization and is subject to audit and/or review by the applicable funding sources. Any grant or award funds found not to be properly spent in accordance with the terms, conditions, and regulations of the funding sources may be subject to recapture.

At June 30, 1987, ninety-nine (99) percent of the organization's operating support is derived from grants.

NOTE 10 - Risk Management:

The Organization is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets for which the Organization carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

TELEPHON WARD SAYS OUR COMMUNITY ORGANIZATION, INC.
 SCHEDULE OF GRANT ACTIVITY
 FOR THE YEAR ENDED JUNE 30, 1987

| STATE OF LOUISIANA GOVERNOR'S OFFICE | PROGRAM NAME | CONTRACT PERIOD | GRANT REVENUE | EXPENSES |
|---|--|--|------------------|--------------------|
| Direct Programs: Office of Urban Affairs and Development | Ellian Reading and Math Program | 07/01/86--06/30/87 07/01/86--06/30/86 | \$279,800 -0- | \$279,800 8,934 |
| | Martha Luther King Sommelier Services Program | 07/01/86--06/30/87 07/01/86--06/30/86 | 104,983 -0- | 104,983 2,113 |
| Office of Urban Affairs and Development | Martha Luther King Youthling and Community Program | 07/01/86--06/30/87 07/01/86--06/30/86 | 110,800 -0- | 110,800 21,425 |
| | Total Direct Programs | | 495,583 | 525,125 |
| Passed through Program New Orleans Council on Aging | Ellian-Professor Senior Center Program | 07/01/86--06/30/87 07/01/86--06/30/86 | 85,000 -0- | 85,000 10,212 |
| | Total Passed through Program | | 85,000 | 95,212 |
| Total state of Louisiana Programs (sum 4) | | | 580,583 | 620,337 |

See accompanying Independent Auditors' Report and notes to Financial Statements.

& Tervalon

ROBERT S. BRUNO, CPA
NORMAN T. TERVALON, JR., CPA
BRUNO, MORFITT AND CPAs

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Twelfth Ward Save Our Community
Organization, Inc.

We have audited the financial statements of Twelfth Ward Save Our Community Organization, Inc. (the Organization), as of and for the year ended June 30, 1997 and have issued our report thereon dated January 30, 1998 which is modified for the change in method of accounting for depreciation of property and equipment and also modified as a result of the Organization's adoption of Statement of Financial Accounting Standards (SFAS) No. 114, "Accounting for Contributions Received and Contributions Made" and SFAS 117, "Financial Statements of Not-for-Profit Organizations." We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, 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 which are described in the accompanying Summary of Findings and Reportable Conditions as items 97-01 through 97-03. We also noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated January 30, 1998.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN ASSESS OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

(CONTINUED)

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting 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. Reportable conditions are described in the accompanying Summary of Findings and Reportable Conditions as items 97-01 through 97-02.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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 over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions, described above is a material weakness.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

(CONTINUED)

We also noted other matters involving the internal control over financial reporting that we have reported to management of the organization in a separate letter dated January 30, 1998.

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

Bruno & Tervalon

BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

January 30, 1998

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
SUMMARY OF FINDINGS AND REPORTABLE CONDITIONS

AUDIT FINDING REFERENCE NUMBER:

97-61 -- Unlocated Difference in net Assets

Condition

The Organization's beginning unrestricted net assets as shown on the books differed from the prior year's audit report by \$11,000. This difference could not be resolved prior to the end of our fieldwork.

Recommendation

We recommend that management evaluate the current system to ensure non-occurrence of such condition in future.

Management's Response

The beginning unrestricted net assets as shown on the books differed from the prior year's audit report because the predecessor auditor did not provide us with the adjusting journal entries or resolved unresconciled differences.

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
SUMMARY OF FINDINGS AND REPORTABLE CONDITIONS, CONTINUED

AUDIT FINDING REFERENCE NUMBER:

92-02 -- Timely Completion of Annual Audit

Condition

The financial and compliance audit of the organization for the year ended June 30, 1993 was not completed within six months in accordance with the Louisiana Revised Statute 24:113 and Section 329.01 of the Louisiana Governmental Audit Guide. This condition was due in part, to untimely preparation or unavailability of required accounting records.

Recommendation

We recommend that management make all necessary efforts to ensure all accounting records are prepared and reviewed timely on an on-going basis.

Management's Response

The financial and compliance audit was not completed within six months because some of the accounting data needed to resolve questions relating to beginning balances was not available. Some records were lost or not returned by the previous auditor, therefore most schedules and supporting documents needed to be reconstructed.

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
STATUS OF PRIOR YEAR'S FINDINGS AND RECOMMENDATIONS

FINDING 1 - CERTAIN CANCELLED CHECKS FOR THE FIRST SIX MONTHS OF THE YEAR COULD NOT BE LOCATED

The Organization was unable to locate cancelled checks for 10 of the 25 selected sample items. Although, the cancelled checks were not located invoices or other sources of supporting documentation were available for review.

Recommendation

Twelfth Ward Save Our Community Organization should implement procedures to maintain all cancelled checks on file in an organized manner.

Management's Response

Our accountant mislocated checks during a move. We are presently providing the accountant with copies of bank statements and posting checks in our offices. The accountant is provided check stubs and carbon copies of the checks.

Current Year Status

We noted no such condition in current year.

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
STATUS OF PRIOR YEAR'S FINDINGS AND RECOMMENDATIONS, CONTINUED

FINDING 3 - FAILURE TO MAINTAIN ADEQUATE SUBSIDIARY LEDGER FOR FIXED ASSETS.

Twelfth Ward Save Our Community Organization did not maintain an adequate sub-ledger for property and equipment. The organization also did not perform a physical inventory within the 1998 fiscal year. This results in an inadequate control over fixed assets.

Recommendation

The Organization should implement policies and procedures to maintain detailed records of all property and equipment purchases, donations and disposals.

Management's Response

We have and continue to maintain adequate subsidiary ledgers for fixed asset. The ledgers are posted monthly for additions, deletions and obsolescence.

The ledger include the items, cost, date of purchase, condition of items and program that paid for the item.

Current Year Status

In current year, we noted the subsidiary ledgers for fixed asset maintained by the Organization. However, we did not note any documented evidence to show that physical inventory was taken on the assets. Management should consider taking a physical inventory of all the Organization's assets and determine which assets should be held and used. Assets to be disposed of should be determine as well as be recorded in accordance with the provisions of SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of".

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.
STATUS OF PRIOR YEAR'S FINDINGS AND RECOMMENDATIONS, CONTINUED

FINDING 3 - EXPENDITURES WERE LESS THAN FUNDING RECEIVED

The grant was not effectively closed for the 1990 fiscal year. The grant close-out process is incomplete resulting in an excess of revenue over expenditures of \$19,887. The disposition of a surplus was not specifically designated by the grantor in the grant agreement. We also noted that cumulative cash on hand is in excess of \$60,000.

Recommendation

We recommend that disposition of the surplus be specifically designated by the agency and approved by the grantor.

Management's Response

We are presently monitoring our budget for over and under expenditures monthly. This problem will not occur for the current or future program periods. Modification of budgeted line items will be timely requested to avoid this problem in the future.

Current Year Status

We noted no surplus over amount expended in current year for all programs administered.

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.

EXIT CONFERENCE

The audit report was discussed with representatives of the Organization on Thursday, February 13, 1988. Those persons participating in the discussion were:

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.

Ms. Sharon DeLong -- Executive Director
Mr. Charles F. Webb, CPA -- Accountant

BRUND & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Michael S. Brund, CPA -- Engagement Partner
Mr. Joseph A. Akanji, CPA -- Audit Supervisor

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INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

To the board of Directors
 Twelfth Ward Save Our Community
 Organization, Inc.

Under provisions of state law, this
 copy of the audit opinion submitted
 to you on 2/10/99, is reviewed,
 analyzed and distributed to public
 officials and the public, as well as for
 public inspection at the Baton
 Rouge office of the Legislative Auditor
 and, where appropriate, at the
 office of the parish clerk of court.

Please Date _____

In planning and performing our audit of the financial statements of
 Twelfth Ward Save Our Community Organization, Inc. (the
 organization) for the year ended June 30, 1997, we considered its
 internal control structure in order to determine our auditing
 procedures for the purpose of expressing our opinion on the
 financial statements and not to provide assurance on the internal
 control structure. However, during the course of our audit, the
 following internal control matters came to our attention. We
 present our recommendations for your consideration and we would be
 happy to discuss these comments in further detail.

ACCOUNT CODING AND CLASSIFICATION

We reviewed the current year's cash receipt and disbursement
 transactions of the Organization on a test basis. Our review
 revealed some instances of erroneous coding or account
 misclassifications. The result was that several reclassification
 entries were proposed to properly classify these transactions.

We recommend that the Organization evaluate the current system with
 an aim toward assuring that all transactions are properly coded and
 classified in a timely manner.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

UNRECONCILED CASH ITEMS

During our review of selected cash transactions, we noted an instance whereby the balance appearing on the bank reconciliation was not in agreement with the balance per the general ledger. This difference could not be timely resolved by the Organization's accountant.

Management should evaluate internal accounting control over cash transactions on an ongoing basis to eliminate the possibility of future occurrence of the above 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, 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 28, 1988