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

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Release Date: **JUN 13 1989**

**FINANCIAL AND COMPLIANCE AUDIT  
TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED JUNE 30, 1988**

**Bruno  
& Tervalon**

CERTIFIED PUBLIC ACCOUNTANTS

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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, 1998 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 aspects, the financial position of **Twelfth Ward Save Our Community Organization, Inc.** as of June 30, 1998, 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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 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 & TERVALON**  
CERTIFIED PUBLIC ACCOUNTANTS

November 5, 1998

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 1998

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ASSETS

<i>Assets:</i>	
Cash	\$21,132
Security deposits	3,000
Property and equipment, net (NOTE 3)	48,434
Total assets	<u>\$72,566</u>

LIABILITIES AND NET ASSETS

<i>Liabilities:</i>	
Accounts payable	\$11,751
Accrued expenses	1,258
Total liabilities	13,009

CONTINGENCIES (NOTE 7)

<i>Net Assets:</i>	
Unrestricted	60,557
Temporarily restricted	<u>—0-</u>
Total net assets	60,557
Total liabilities and net assets	<u>\$72,566</u>

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, 1998**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<b>Resources and Support:</b>			
Cramer-State of Louisiana	\$593,000	\$ -0-	\$593,000
Other revenue	470	-0-	470
Net assets released from restrictions (NOTE 5):			
Expiration of time restriction	<u>5,000</u>	<u>(5,000)</u>	<u>-0-</u>
Total revenue and support	<u>598,470</u>	<u>(5,000)</u>	<u>593,470</u>
<b>Expenses:</b>			
Martin Luther King Training and Community Center program	118,679	-0-	118,679
Miles Reading and Math program	292,589	-0-	292,589
Martin Luther King Homemaker Services program	109,778	-0-	109,778
Miles - Homemaker Senior Center program	<u>85,461</u>	<u>-0-</u>	<u>85,461</u>
Total expenses	<u>606,467</u>	<u>-0-</u>	<u>606,467</u>
Change in net assets	(7,997)	(5,000)	(12,997)
Net assets at beginning of year	<u>68,554</u>	<u>5,000</u>	<u>73,554</u>
Net assets at end of year	<u>\$ 60,557</u>	<u>\$ -0-</u>	<u>\$ 60,557</u>

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

TRULIFE BOARD SAVE OUR COMMUNITY ORGANIZATION, INC.  
 STATEMENT OF FINANCIAL EXPENSES  
 FOR THE YEAR ENDED JUNE 30, 1988

	STATE OF LOUISIANA, GOVERNMENT OFFICE			
	MILLS OF LOUISIANA, ADULTS AND DEVELOPMENT		NEW ORLEANS COUNSELING AGENCIES	
	WALTER LUTHER KING TRAINING AND COMMUNITY CENTER PROGRAM	MILAN BARRON AND WAIN PROGRAM	WALTER LUTHER KING MEMORIAL SERVICES PROGRAM	MILAN BARRON SENIOR CENTER PROGRAM
Salaries and wages	\$11,567	\$26,214	\$ 7,840	\$1,590
Fringe benefits	1,419	11,741	1,982	1,400
Supplies	1,877	5,143	4,820	4,004
Insurance	998	1,111	-	4,818
Utilities	2,498	-	1,041	-
Contractual services	11,000	21,040	3,880	11,139
Equipment purchase	1,131	9,350	410	4,581
Maintenance and repairs	811	-	-	4,741
Telephone	1,792	1,411	4,401	911
Printing and shipping	14	-	-	16
Travel	18	-	-	-
Postage and publications	562	156	1,209	2,470
Taxes and transcripts	-	-	-	1,481
Fuel/transport	-	-	-	2,830
Contingency	1,709	14,000	4,800	1,000
Other	-	1,800	160	91
	<u>31,482</u>	<u>201,481</u>	<u>28,029</u>	<u>61,011</u>
Total expenses before depreciation and reserves (NOTE 4)	31,482	201,481	28,029	61,011
Depreciation	-	-	-	-
Total expenses before transfers	31,482	201,481	28,029	61,011
Transfers - equipment purchase	170	-	-	-
Total expenses after transfers	<u>31,652</u>	<u>201,481</u>	<u>28,029</u>	<u>61,011</u>
	184,834	62,647	11,751	60,680
	51,782	141,136	1,929	1,929
	<u>133,052</u>	<u>152,783</u>	<u>13,680</u>	<u>62,609</u>

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, 1998

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Cash Flows from Operating Activities:	
Change in net assets	\$12,597
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	17,751
Changes in assets and liabilities:	
Decrease in promise to give	5,000
Increase in accrued expenses	239
Decrease in accounts payable	<u>(20,987)</u>
Net cash used in operating activities	<u>(10,910)</u>
Cash Flows from Investing Activities:	
Purchase of equipment	<u>(16,196)</u>
Net cash used in investing activities	<u>(16,196)</u>
Decrease in cash	<u>(25,110)</u>
Cash, June 30, 1997	48,247
Cash, June 30, 1998	<u>\$ 23,137</u>

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

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

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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 501(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, 1998, the Organization administered the following programs:

- o Martin Luther King Training and Community Center Program;
- o Milou Reading and Math Program;
- o Martin Luther King Homebased Services Program;
- o Milou-Throumzier Senior Center 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 (M.L.K. Training) 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

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NOTE 1 - *Organization and Purpose, Continued:*

*General, Continued*

• *Milan Reading and Math Program*

The Milan Reading and Math (Milan Reading/Math) Program was established in 1973. The main purpose of the program is to provide plans 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.

• *Martin Luther King Homemaker Services Program*

The Martin Luther King Homemaker Services (MLK Homemakers) Program began in 1992. 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.

• *Milan-Brookwood Senior Center Program*

The Milan-Brookwood Senior Center (Milan Area Senior) 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.

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

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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 revenue and expenses during the reporting period. Actual results could differ from these estimates.

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 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.

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

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NOTE 2- Summary of Significant Accounting Policies, Continued:

Contributions, Continued

The Organization uses the allowance method to determine the net realizable value of 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 revenue 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 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, 1998, the Organization has no permanently restricted net assets.

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

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

*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 of cash, promise 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.

*Revenue 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 - Property and Equipment:**

Property and equipment consisted of the following at June 30, 1998:

Furniture and equipment	\$111,322
Automobile	<u>22,807</u>
	133,129
 Less accumulated depreciation	 (83,895)
<b>Total</b>	<b><u>\$ 49,234</u></b>

**NOTE 4 - Program Costs:**

Program costs consist of the following at June 30, 1998:

Programs	<u>PROGRAM SERVICES</u>		Total
	Contract Costs	Price Contracts and Other Funds	
MLK Training	\$189,972	\$4,493	\$194,465
Milam Hoarding/Meat	288,000	3,481	291,481
MLK Homeowners	189,999	-	189,999
Milam Area Senior	<u>85,000</u>	<u>37</u>	<u>85,037</u>
<b>Total costs-all programs</b>	<b><u>\$652,971</u></b>	<b><u>\$8,011</u></b>	<b><u>\$660,982</u></b>

**NOTE 5 - Net Assets Released from Restrictions:**

During the year ended June 30, 1998, net assets were released from Laphin Foundation restrictions by incurring expenses satisfying the time expiration restriction of the grant.

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

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NOTE 6 - **Commitments:**

Rental expenses resulting from facility operating leases approximate \$32,180 for the year ended June 30, 1998.

The future minimum lease payments under noncancelable operating leases as of June 30, 1998, that have remaining lease terms within a year or less amount to \$19,208.

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

NOTE 7 - **Contingencies:**

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

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 repayment.

At June 30, 1998, ninety-nine (99) percent of the Organization's operating support is derived from grants.



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

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NOTE 8 - Risk Management:

The Organization is exposed to various risk of loss related to theft, 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.

## SUPPLEMENTARY INFORMATION

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.  
 SCHEDULE OF GRANT ACTIVITY  
 FOR THE YEAR ENDED JUNE 30, 1998

STATE OF LOUISIANA GOVERNOR'S OFFICE	PROGRAM NAME	CONTRACT NUMBER	GRANT REVENUE	EXPENSES
Direct Programs Office of Urban Affairs and Development	Millie Reading and Math Program	8701197-8624786	\$186,000	\$28,000
Office of Urban Affairs and Development	Martin Luther King Homeless Services Program	8701197-8624786	170,000	189,999
Office of Urban Affairs and Development	Martin Luther King Training and Community Programs	8701197-8624786	100,000	108,272
<b>Total Direct Programs</b>			<b>456,000</b>	<b>506,272</b>
Passed through Program: New Orleans Council on Aging	Millie-Breadroom Senior Center Program	8701197-8624786	85,000	80,800
<b>Total Passed through Program</b>			<b>85,000</b>	<b>80,800</b>
<b>Total State of Louisiana Programs (NOTE 5)</b>			<b>\$541,000</b>	<b>\$587,072</b>

See accompanying Independent Auditor's Report and notes to Financial Statements.

**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, 1998 and have issued our report thereon dated November 3, 1998. 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 those 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*.

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)

### **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 Schedule of Findings and Questioned Costs as items 98-01 through 98-02.

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 November 5, 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

November 3, 1998

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 1998

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**I. SUMMARY OF AUDITORS' RESULTS**

- A. The type of report issued on the financial statements: ~~unqualified opinion.~~
- B. Reportable conditions in internal control were disclosed by the audit of the financial statements: yes material weaknesses: no.
- C. Noncompliance which is material to the financial statements: no.
- D. Reportable conditions in internal control over major programs: ~~not applicable~~ material weaknesses: ~~not applicable.~~
- E. The type of report issued on compliance for major programs: ~~not applicable.~~
- F. Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133: ~~not applicable.~~
- G. Major programs: ~~not applicable.~~
- H. Dollar threshold used to distinguish between Type A and Type B programs: ~~not applicable.~~
- I. Auditor qualified as a low-risk auditor under section 530 of OMB Circular A-133: ~~not applicable.~~
- J. A management letter was issued: yes.

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 1998

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II FINDING RELATING TO THE FINANCIAL STATEMENTS REPORTED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

II-01- Incomplete Accounting Records

Condition

During our audit, numerous prior year's audit adjustments were rewritten and posted to update the general ledger and properly state the beginning balances for the year ended June 30, 1998. The cause of this condition was due to the Organization's inability to locate prior years' accounting records which were misplaced. Only the current year activity was available.

Recommendation

We recommend that management evaluate the current recordkeeping system with an aim toward the establishment of a system that will provide for adequate and complete accounting records.

Management's Response

We are currently evaluating the recordkeeping system and will take definite steps to correct this matter. Original copies of all documents will be maintained by the agency and the accountant will work with copies.



TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 1998

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II FINDING RELATING TO THE FINANCIAL STATEMENTS REPORTED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(CONTINUED)

**98-02- Failure to Maintain Adequate Subsidiary Ledger for Fixed Assets (Repeat)**

**Condition**

Twelfth Ward Save Our Community Organization did not maintain an adequate subsidiary ledger for property and equipment. The Organization also did not perform a physical inventory within the 1996 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 which are in compliance with the funding sources. The ledgers are posted monthly for additions, deletions and obsolescence.

The ledgers 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 were 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 determined 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.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 1998

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**III. FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS**

*Not applicable.*

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.  
STATUS OF PRIOR YEARS' FINDINGS AND REPORTABLE CONDITIONS

1. INTERNAL CONTROL AND COMPLIANCE  
MATERIAL TO THE FINANCIAL STATEMENTS

Resolved      Unresolved

97-01 - 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 \$13,845. This difference could not be resolved prior to the end of our fieldwork.

X

Current Status

We noted no such condition in current year.

97-02 - Timely Completion of Annual Audit

Condition

The financial and compliance audit of the Organization for the year ended June 30, 1997 was not completed within six months in accordance with the Louisiana Revised Statute 24:513 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.

X

Current Status

We noted no such condition in current year.

TWELFTH WARD SAVE OUR COMMUNITY ORGANIZATION, INC.  
STATUS OF PRIOR YEARS' FINDINGS AND REPORTABLE CONDITIONS  
(CONTINUED)

---

Resolved    Unresolved

96-02 - Failure to Maintain Adequate  
Subsidiary Ledger for Fixed Assets

Condition

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 1996 fiscal year. This results in an inadequate control over fixed assets.

X

Current Status

See Finding 996-02. Repeat Finding.

2. INTERNAL CONTROL AND COMPLIANCE  
MATERIAL TO FEDERAL AWARDS

No prior year comments reported.

3. MANAGEMENT LETTER

No prior year comments reported.

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

**EXIT CONFERENCE**

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The audit report was discussed with representatives of the Organization on \_\_\_\_\_, December \_\_\_\_, 1998. 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 H. Burns, CPA -- Engagement/Managing Partner

Mr. Joseph A. Akarji, CPA -- Engagement Supervisor

**INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**

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

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, 1998, 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.

**YEAR 2000 COMPLIANT**

On January 1, 2000, information technology experts believe that many application systems will fail as a result of erroneous calculations and data integrity problems. The situation, commonly known as the year 2000 issue, will occur because many computers cannot process date information beyond December 31, 1999. That is because many application software products (both commercial and in-house-developed legacy systems) were originally designed to accommodate only a two digit date position to represent the year (for example, 95 for the year 1995).

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

**YEAR 2000 COMPLIANT, CONTINUED**

The Organization must devote the necessary resources to evaluate its systems and make them year 2000 compliant. This will ensure that the systems will be able to process date information on and after January 1, 2000.

We recommend that you modify all applications, particularly mission-critical applications, by December 31, 1998, to allow for complete testing before January 1, 2000. If the Organization is not year 2000 compliant by January 1, 2000, it may experience costly and significant application program failures that could prevent it from performing its normal processing activities. Depending on the extent of system failures, noncompliance may also affect the audit of the June 30, 2000 financial statements and, in extreme situations, could have catastrophic financial consequences for the Organization.

**LEASE AGREEMENT**

We noted during our audit that the lease agreement between the City of New Orleans and the Organization for the use of office space had expired and not been renewed.

We recommend that the Organization take immediate steps to execute a new lease agreement that would document the informal leasing arrangement that presently exists.

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

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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 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

November 5, 1998