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COMMUNITY VOLUNTEERS ASSOCIATION
NEW ORLEANS, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 1998

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

Release Date JAN 13 1999

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Ericksen, Krentel, Canton & LaPorte, L.L.P.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Community Volunteers Association

We have audited the accompanying statement of financial position of Community Volunteers Association (a nonprofit organization) 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 Community Volunteers Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, the *Louisiana Governmental Audit Guide* 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. 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 Community Volunteers Association as of June 30, 1998, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 22, 1998 on our consideration of the Community Volunteers Association's internal control structure and on its compliance with laws and regulations.

October 22, 1998

Ericksen, Krentel, Canton & LaPorte, LLP

Certified Public Accountants

COMMUNITY VOLUNTEERS ASSOCIATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1998

ASSETS

CURRENT ASSETS:

Cash		\$	55,452
			55,452
Total current assets			55,452

PROPERTY AND EQUIPMENT:

Furniture and equipment			26,816
Less: accumulated depreciation			(19,027)
			7,789
Net property and equipment			7,789
Total assets		\$	63,241

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable		\$	938
Payroll taxes payable			3,463
			4,401
Total current liabilities			4,401

NET ASSETS:

Unrestricted			58,840
			58,840
Total liabilities and net assets		\$	63,241

See accompanying NOTES TO FINANCIAL STATEMENTS

COMMUNITY VOLUNTEERS ASSOCIATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1998

SUPPORT AND OTHER REVENUE:

Support	\$ 364,000
Interest income	3,119
Other income	<u>8,117</u>
Total unrestricted support and other revenue	<u>375,236</u>

EXPENSES:

Program services	316,940
Supporting services:	
General and administrative	<u>51,775</u>
Total expenses	<u>368,715</u>
Increase in unrestricted net assets	6,521
Beginning unrestricted net assets, as restated	<u>52,319</u>
Ending unrestricted net assets	<u>\$ 58,840</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

COMMUNITY VOLUNTEERS ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 1998

	Program Services	Supporting Services	
		General and Administrative	Total
Salaries	\$ 57,022	\$ 27,830	\$ 84,852
Payroll taxes	4,613	2,416	7,029
Workman's compensation insurance	344	170	514
	<hr/>	<hr/>	<hr/>
Total salaries and related expenses	61,979	30,416	92,395
Accounting	-	7,100	7,100
Advertising	5,000	-	5,000
Legal	-	2,500	2,500
Miscellaneous	-	1,325	1,325
Office	-	5,912	5,912
Other	-	1,040	1,040
Postage	-	2,614	2,614
Photography	1,365	-	1,365
Programs	222,149	-	222,149
Rent - office	-	8,304	8,304
Repairs and maintenance	-	37	37
Telephone	2,238	560	2,798
Transportation	9,000	-	9,000
Travel	-	420	420
	<hr/>	<hr/>	<hr/>
Total expenses before depreciation and amortization	301,731	60,228	361,959
Depreciation of property and equipment and amortization of organizational costs	-	6,756	6,756
	<hr/>	<hr/>	<hr/>
Total expenses	\$ 301,731	\$ 66,984	\$ 368,715

See accompanying NOTES TO FINANCIAL STATEMENTS

COMMUNITY VOLUNTEERS ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1998

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$ 6,521
Depreciation and amortization	6,756
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Decrease in payables	(753)
Net cash provided by operating activities	<u>12,524</u>
Net increase in cash and cash equivalents	12,524
Cash, beginning of year	<u>42,928</u>
Cash, end of year	<u>\$ 55,452</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

COMMUNITY VOLUNTEERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Community Volunteers Association (the Association) is chartered in the State of Louisiana as a non-profit corporation. The Association was organized for the following purposes:

1. To administer programs for high-risk youth that use strategies to improve skills of such youth, such as educational counseling and job skills training;
2. To develop and implement new strategies to communicate anti-drug messages to youth; and
3. To implement various other community-based programs to assist high-risk youths as needed.

All of the activities will be carried out under an agreement with the Governor's office of Urban Affairs and Development via the State of Louisiana. Its current programs include:

After School Tutorial/Cultural Enrichment

Student profile performances in New Orleans public schools indicate under achievement, low standardized test scores, low self-esteem and in some cases high absenteeism. A need exists to improve student motivation to succeed in school. Such improvement can be accomplished through afterschool tutorial and cultural programs. Enrichment in academics and exposure to cultural activities were offered to enable students to reach goals otherwise unattainable.

Conflict/Violence/Drug Intervention

The Drug Free Club addresses drug abuse prevention by presenting positive alternatives and resources prior to the years when problems occur. The idea is to reach children with preventive measures rather than having to cure already existing problems.

The goal of the Violence Intervention Program is to promote positive self-image and self worth, respect for self and others and a working knowledge of the correct and appropriate manner of dealing with crisis situations and conflicts.

COMMUNITY VOLUNTEERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1998

(1) NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Community Outreach

Community Outreach Program was designed to equip the target population with various avenues by which they can obtain pertinent information to improve living situations. Health Education, Environmental Awareness, Job Training and Community Information Seminars are provided to enhance the quality of life for community members.

Youth Job Training

Job Training program offers employment skills training, entrepreneurship training, and career and personal counseling through workshops.

Camp Enhancement Summer Programs

Camp Enhancement Summer Program was a collaboration between Community Volunteers Association and area summer camps to provide academic enrichment, cultural awareness and recreational activities such as swimming to at risk youth.

Senior Care

Community Volunteers Association's Senior Care Program seeks to address the needs of the elderly, who qualify, by offering services that enhance the quality of life and social and cultural awareness.

Basis of Accounting

The accrual basis of accounting is followed by the Association.

Cash

Cash consists of funds maintained in savings and bank accounts.

Property and Equipment

Property and equipment are carried at cost. Additions, improvements, and betterments to property and equipment in excess of \$500 are capitalized. Depreciation is calculated over an estimated useful life of five years using the straight-line method. Depreciation expense for the year ended June 30, 1998 was \$5,363.

COMMUNITY VOLUNTEERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1998

(1) NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Organizational Costs

Costs incident to the creation of the Association have been capitalized as organizational costs and are being amortized over sixty months on a straight-line basis. Total amortization for the year ended June 30, 1998 was \$1,393.

Support and Revenues

Support and revenues are recognized when earned.

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

Functional Expenses

Expenses are charged directly to program services or supporting services in general categories based on specific identification. Indirect expenses have been allocated based on a percentage of direct expenses, as determined by the grantor agency.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising

The Association expenses all nondirect-response advertising costs as incurred. For the year ended June 30, 1998, advertising costs totaled \$5,000.

Income Taxes

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation.

(2) SUPPORT

Support is comprised of \$364,000 received under an agreement with the Louisiana Office of Urban Affairs and Development.

COMMUNITY VOLUNTEERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1998

(3) CONCENTRATIONS

The Association maintains cash balances at one financial institution. Accounts at the institution are insured by Federal governmental agencies up to \$100,000. At June 30, 1998, there were no uninsured cash balances.

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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
Community Volunteers Association

We have audited the financial statements of Community Volunteers Association as of and for the year ended June 30, 1998, and have issued our report thereon dated October 22, 1998. We conducted our audit in accordance with generally accepted auditing standards, the *Louisiana Governmental Audit Guide*, 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 Community Volunteers Association'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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Community Volunteers Association'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in consideration of the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the

Ericksen, Krentel, Canton & LaPorte, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

To the Board of Directors
Community Volunteers Association
October 22, 1998
Page 2

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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Community Volunteers Association in a separate letter dated October 22, 1998.

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

October 22, 1998

Ericksen, Krentel, Canton & LaPorte, LLP

Certified Public Accountants

COMMUNITY VOLUNTEERS ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1998

We have audited the financial statements of Community Volunteers Association as of and for the year ended June 30, 1998, and have issued our report thereon dated October 22, 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. Our audit of the financial statements as of June 30, 1998 resulted in an unqualified opinion.

SECTION I SUMMARY OF AUDITORS' REPORTS

- a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ___ Yes X No

Reportable Conditions ___ Yes X No

Compliance

Compliance Material to Financial Statements ___ Yes X No

- b. Federal Awards **Not Applicable**

Internal Control

Material Weaknesses ___ Yes ___ No

Reportable Conditions ___ Yes ___ No

Type of Opinion on Compliance Unqualified ___ Qualified ___
for Major Programs Disclaimer ___ Adverse ___

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?

___ Yes ___ No

- c. Identification of Major Programs: **Not Applicable**

CFDA Number(s) Name of Federal Program (or Cluster)

COMMUNITY VOLUNTEERS ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1998

Dollar threshold used to distinguish Type A and Type B
Programs \$ _____

Is the auditee a 'low-risk' auditee, as defined by OMB
Circular A-133? ___ Yes ___ No **Not Applicable**

SECTION II FINANCIAL STATEMENT FINDINGS

None

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October 22, 1998

Community Volunteers Association
New Orleans, Louisiana

In planning and performing our audit of the financial statements of Community Volunteers Association (the Association) for the year ended June 30, 1998, we considered the Association's internal control structure to plan 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 our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated October 22, 1998, on the financial statements of the Association. We will review the status of these comments during our next audit engagement. Our comments and recommendations are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

EDP Backup and Disaster Recovery

Backup copies of EDP data files, programs, and operating systems are not done on a regular basis. We recommend that data files be backed up daily and that the backup tapes be stored in a fireproof location on the premises. We further recommend that weekly, monthly, and year-end files be properly labeled and stored off premises in a fireproof vault.

The Organization does not have well-defined, written disaster recovery procedures. The time to make contingency plans is before disaster strikes, so that all personnel will be aware of their responsibilities in the event of an emergency situation that precludes the use of the existing EDP facilities. We suggest that management develop a disaster recovery plan that includes, but is not limited to, the following matters:

- * Location of, and access to, offsite storage
- * A listing of all data files that would have to be obtained from the offsite storage location.

Community Volunteers Association
October 29, 1997
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- * Identification of a backup location (name and telephone number) with similar or compatible equipment for emergency processing (Management should make arrangements for such backup with another company, a computer vendor, or a service center. The agreement should be in writing.)
- * Responsibilities of various personnel in an emergency.
- * Priority of critical applications and reporting requirements during the emergency period.

Year 2000

The Year 2000 issue relates to computer systems that store dates with only two digits to indicate the year, with no century identifier. Computer hardware and software applications which use dates in this format will interpret the date January 1, 2000 as January 1, 1900. Unless this problem is addressed, computer systems that rely on date calculations are at risk of producing unpredictable results or complete failure.

Suggestions for the resolution of Year 2000 issues are as follows:

- a. Identify and assess the Year 2000 issues relating to hardware and software in use.
- b. Develop a timetable for resolving the issues.
- c. Assign adequate personnel to resolving the issue.
- d. Monitor efforts to resolve the issues.

We want to thank Sandra Griffin and Marseah Delatte for their support and assistance during our audit.

This report is intended solely for the information and use of the Board of Directors, management, and others within Community Volunteers Association.

Ericksen, Krentel, Canton & LaPorte, LLP

Certified Public Accountants

COMMUNITY VOLUNTEERS ASSOCIATION
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 1998

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS

None

SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL
AWARDS

Not Applicable

SECTION III MANAGEMENT LETTER

1997-1 Uninsured Cash Balances

We recommend that the Association maintain minimum balances required for day-to-day operations in operating accounts, and that amounts not needed for operations should be invested in insured accounts at more than one financial institution.

This issue has been resolved by management and is not an issue for the year ended June 30, 1998.

1997-2 EDP Backup and Disaster Recovery

We suggest that management develop a disaster recovery plan that includes, but is not limited to, the following matters:

- * Location of, and access to, offsite storage
- * A listing of all data files that would have to be obtained from the offsite storage location.
- * Identification of a backup location (name and telephone number) with similar or compatible equipment for emergency processing (Management should make arrangements for such backup with another company, a computer vendor, or a service center. The agreement should be in writing.)
- * Responsibilities of various personnel in an emergency.
- * Priority of critical applications and reporting requirements during the emergency period.

Management intends to address this issue in conjunction with its plan to resolve year 2000 issues.