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URBAN RESTORATION ENHANCEMENT
CORPORATION
BATON ROUGE, LOUISIANA
FINANCIAL STATEMENTS
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 NOV 18 1998

TABLE OF CONTENTS

Independent Auditor's Report	Page 3
Financial Statements	
Statement of Financial Position	Page 4
Statement of Activities	Page 5
Statement of Functional Expenses	Page 6
Statement of Cash Flows	Page 7
Notes to Financial Statements	Page 8
SUPPLEMENTAL INFORMATION	
Schedule of Federal Financial Assistance	Page 14
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards	Page 15
Prior Year's Findings	Page 16

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INDEPENDENT AUDITOR'S REPORT

October 9, 1998

To the Board of Directors
Urban Restoration Enhancement Corporation
Baton Rouge, Louisiana

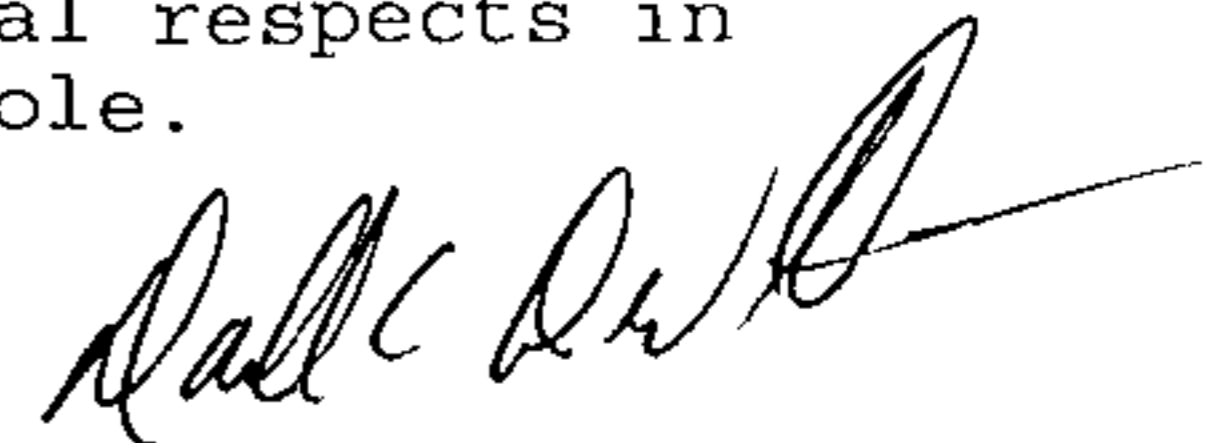
I have audited the accompanying statements of financial position of Urban Restoration Enhancement Corporation (a non-profit organization) as of June 30, 1998, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Urban Restoration Enhancement Corporation's management. My responsibility is to express an opinion of these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I 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. I believe that my audit provided a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Urban Restoration Enhancement Corporation as of June 30, 1998, and the changes in net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated October 9, 1998, on our consideration of Urban Restoration Enhancement Corporation's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants.

My audit was made for the purpose of forming an opinion on the financial statements of Urban Restoration Enhancement Corporation taken as a whole. The accompanying combining schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



URBAN RESTORATION ENHANCEMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1998

(With Comparative Totals for 1997)

	<u>JUNE 30,</u> <u>1998</u>	<u>1997</u>
ASSETS		
Cash and Cash Equivalents	\$142,676	\$26,558
Grants Receivables	9,497	7,212
Tenants Receivable	1,125	-0-
Notes Receivable	5,000	5,000
Prepaid Expenses	2,636	2,500
Property Plant & Equipment	1,545,703	1,481,675
Deposits	2,380	1,900
TOTAL ASSETS	1,709,017	1,524,845
LIABILITIES		
Notes Payable	\$1,217,620	\$1,232,375
Accounts Payable	12,511	3,544
Retainage Payable	82,658	82,658
Accrued Interest Payable	-0-	5,331
Security Deposits	8,100	7,200
TOTAL LIABILITIES	1,320,889	1,331,108
NET ASSETS		
Unrestricted	388,128	193,737
TOTAL NET ASSETS	388,128	193,737
TOTAL LIABILITIES & NET ASSETS	1,709,017	1,524,845

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

URBAN RESTORATION ENHANCEMENT CORPORATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 1998

(With Comparative Totals for 1997)

	<u>YEAR ENDED JUNE 30,</u> <u>1998</u>	<u>1997</u>
REVENUE AND OTHER SUPPORT:		
Grants	\$805,867	\$405,633
Donations	4,160	42,001
Fund Raising	455	100
Rent Revenue	228,542	80,995
Miscellaneous Income	37	15
Interest Income	1,000	1,559
	<u>1,040,061</u>	<u>530,303</u>
EXPENSES:		
PROGRAM SERVICES		
Office Urban Affairs	524,599	364,548
GDFSC	10,157	10,075
Saturday Academy	36,959	30,953
Impact	2,004	11,166
FTH	3,780	6,849
NBR 70805	31,906	31,663
CHDO	1,020	7,342
Cedar Glen	234,745	97,033
Network Expo	500	36
LDED	-0-	2,646
Community Services	-0-	20,000
	<u>845,670</u>	<u>582,311</u>
CHANGES IN NET ASSETS	194,391	(52,008)
NET ASSETS AT BEGINNING OF YEAR	193,737	245,745
	<u>388,128</u>	<u>193,737</u>
NET ASSETS AT END OF YEAR	388,128	193,737

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

URBAN RESTORATION ENHANCEMENT CORPORATION
 STATEMENT OF FUNCTIONAL EXPENSES
 YEAR ENDED JUNE 30, 1998

PROGRAM SERVICE

	URBAN AFFAIRS	GDFSC	SATURDAY ACADEMY	IMPACT	PTH	NBR 70805	CHDO	CEDAR GLEN	NETWORK EXPO	TOTAL
SALARIES AND CONTRACT LABOR	\$122,400	\$4,800	\$8,760	\$0	\$3,000	\$20,875	\$0	\$53,848	\$0	\$213,683
PAYROLL TAXES	9,614	389	250	0	191	662	0	4,409	0	15,515
EMPLOYEE HEALTH BENEFITS	7,444	0	0	0	0	40	0	0	0	7,484
PENSION	15,000	0	0	0	0	0	0	0	0	15,000
PROFESSIONAL FEES	0	0	0	0	0	0	1,020	0	0	1,020
ACCOUNTING	2,925	0	0	0	0	0	0	0	0	2,925
ADVERTISING AND PROMOTIONS	0	0	1,616	1,856	58	0	0	110	0	3,640
DEPRECIATION	6,124	0	0	0	0	0	0	42,455	0	48,579
DUES AND SUBSCRIPTIONS	3,282	0	0	0	0	0	0	1,520	0	4,802
EQUIPMENT RENTAL	2,811	0	0	0	0	0	0	2,389	0	5,200
INSURANCE	21,067	0	0	0	0	0	0	1,694	0	22,761
INTEREST	0	0	0	0	0	0	0	59,761	0	59,761
LEGAL	0	0	0	0	0	0	0	1,001	0	1,001
LICENSE AND FEES	75	0	0	0	0	0	0	736	0	811
CONFERENCES AND MEETINGS	6,842	0	0	0	0	1,156	0	3,811	0	11,809
OFFICE EXPENSE	1,502	300	83	0	0	39	0	651	0	2,575
POSTAGE AND PRINTING	2,695	2,000	2,039	148	0	35	0	436	0	7,353
PROGRAM SERVICES	3,637	2,091	0	0	0	1,701	0	1,718	0	9,147
RENT	9,075	0	1,875	0	0	0	0	0	0	10,950
REPAIRS AND MAINTENANCE	3,211	447	0	0	0	0	0	20,808	0	24,466
SUPPLIES	3,133	0	526	0	349	293	0	6,527	0	10,828
SECURITY	863	0	0	0	180	0	0	12,926	0	13,969
TELEPHONE	6,469	0	0	0	0	0	0	725	0	7,194
TRAVEL	2,358	130	975	0	2	2,605	0	1,618	0	7,688
UTILITIES	2,132	0	46	0	0	0	0	17,651	0	19,729
MISCELLANEOUS	28	0	0	0	0	0	0	51	0	79
GRANTS PAYOUTS	291,912	0	20,789	0	0	4,500	0	0	500	317,701
TOTAL EXPENSES	524,599	10,157	36,959	2,004	3,780	31,906	1,020	234,745	500	845,670

THE NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

URBAN RESTORATION ENHANCEMENT CORPORATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 1998

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	\$194,391
Increase In Net Assets	
Adjustments To Reconcile Increase In Net Assets To Net Cash Provided By Operating Activities:	
Depreciation	48,579
(Increase) Decrease In Operating Assets:	
Grants Receivables	(2,285)
Tenants Receivable	(1,125)
Notes Receivable	-0-
Prepaid Expenses	(136)
Deposits	(480)
Increase (Decrease) In Operating Liabilities:	
Accounts Payable	8,967
Retainage Payable	-0-
Accrued Interest Payable	(5,331)
Withholding	-0-
Tenant Deposits Payable	900
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	243,480
	<hr/>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	(112,606)
Purchase of Equipment & Improvements	<hr/>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>	
Proceeds from Loans	28,822
Repayment of Loans	(43,578)
	<hr/>
	(14,756)
	<hr/>
NET INCREASES (DECREASE) IN CASH AND CASH EQUIVALENTS	116,118
CASH AND CASH EQUIVALENTS, Beginning of Year	26,558
	<hr/>
CASH AND CASH EQUIVALENTS, End of Year	<u>142,676</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

URBAN RESTORATION ENHANCEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE #1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Urban Restoration Enhancement Corporation (Corporation) is a Louisiana non-profit corporation, incorporated in 1992 to assist individuals, groups and organizations with resources to empower themselves and make an impact in key focus areas.

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When restrictions expires, temporarily restricted net assets are reclassified to unrestricted net assets.

FINANCIAL STATEMENT PRESENTATION

In 1995, the Organization elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. 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, 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, reclassed its financial statements to present the three classes of net assets required.

INCOME TAXES

The Organization is a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code.

CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, the organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

PREPAID

Insurance and similar services which extend over more than one accounting period have been recorded as prepaid.

ACCOUNTS RECEIVABLE

Accounts receivable are written-off under the direct write-off method whereby bad debts are recorded when a receivable is deemed uncollectible. If they are subsequently collected they are recorded as miscellaneous income. The direct charge-off method is not a material departure from GAAP as it approximates the valuation method.

URBAN RESTORATION ENHANCEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE #1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPERTY AND EQUIPMENT

The purchase of property and equipment is recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Property and equipment is depreciated using the straight-line method over the estimated useful lives of 5 to 40 years for buildings and improvements and 5-10 years for equipment.

Donated Services. Donated services have not been reflected in the accompanying financial statements. Three Vista volunteers have donated significant amounts of their time in the Corporation's programs and its fund-raising campaigns. The amount of donated services for the year has been valued at \$12,000.

NOTE #2. CASH AND CASH EQUIVALENTS

The Urban Restoration Enhancement Corporation's cash is as follows as of June 30, 1998:

	<u>BOOK VALUE</u>	<u>BANK BALANCE</u>	<u>FDIC INSURED</u>	<u>AT RISK</u>
Checking	\$37,347	\$126,406	\$126,406	-0-
Savings	105,329	105,329	100,000	\$5,329
Total	<u>142,676</u>	<u>231,735</u>	<u>226,406</u>	<u>5,329</u>

NOTE #3. RECEIVABLES

A. Accounts Receivables consist mostly of old tenant receivables over 365 days as follows:

Tenant Receivables	\$19,771
Allowance For Uncollectible	(18,646)
	<u>1,125</u>

B. Notes Receivables consist of a \$5,000 advanced to the building contractor for units to be made ready. These units were not made ready and the \$5,000 is due back.

URBAN RESTORATION ENHANCEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE #4. FIXED ASSETS

A summary of Fixed Asset at year-end follows:

Land	\$84,000
Office Furniture and Equipment	117,430
Buildings	1,332,757
Construction In Progress	100,709
	1,634,896
Less Accumulated Depreciation	89,193
	1,545,703
Book Value	

NOTE #5. LEASE OBLIGATIONS

On December 28, 1995, the Corporation entered into a lease for an copier with Toshiba for three years, for a basic lease of \$185 per month for thirty-six months.

The minimum future lease payments by year are as follows:

July 01, 1998, To June 30, 1999	\$1,110
---------------------------------	---------

On July 1, 1996, the Organization entered into a lease for corporate office space beginning July 1, 1996, terminating June 30, 1997, for \$375 per month with an option to extend the lease for twelve months.

On July 1, 1996, the Organization entered into another lease for apartment office space beginning July 1, 1996, terminating June 30, 1997, for \$375 per month with an option to extend the lease for twelve months.

NOTE #6. NOTES PAYABLE

\$528,109 construction loan payable to the City of Baton Rouge consist of a twenty year deferred mortgage. This loan was initially made as a collateral mortgage loan, which Borrower shall convert to a permanent (term) loan within ninety (90) days following completion of property rehabilitation construction. The note bears zero (0.0%) percent interest. This loan bears no prepayment penalty, nor are loan application fee, origination or discount points charged. Subject to the provision for prepayment of loan principal from net project proceeds, amortization payments of this loan principal shall be deferred for fifteen years from the date of the mortgage. Upon expiration of the 15-year deferral period, Borrower shall make

URBAN RESTORATION ENHANCEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE #6. NOTES PAYABLE (Continued)

monthly payments each equal to the amount of the mortgage divided by one hundred eighty, until fully paid. Maximum authorized \$535,000.	\$528,109
\$747,000 construction loan payable to Hibernia National Bank at 9.3149% payable monthly - interest only until the completion of the project. On April 7, 1997, the Organization entered into an agreement to pay \$7,720 per month based on a twenty year amortization with balance due April 7, 1998. Maximum authorized \$740,000.	675,964
\$25,000 Line of Credit issued by Hibernia National Bank at 11.5% interest due December 07, 1998.	13,547
Total	<hr/> 1,217,620 <hr/>

The minimum future note payments by year are as follows:

July 01, 1998, To June 30, 1999	\$689,511
July 01, 1999, To June 30, 2000	-0-
July 01, 2000, To June 30, 2001	-0-
July 01, 2001, To June 30, 2002	-0-
July 01, 2002, To June 30, 2003	-0-
Thereafter	528,109

NOTE #7. LITIGATION, CLAIMS AND CONTINGENCIES

The Corporation has declared the Contractor on the Urban Meadows Project in default. The sub-contractors have filed claims/liens totaling \$508,394. The contractor's bond can not be verified at this time. The Corporation's attorney is pursuing legal action against the contractor and the legal proceedings are in the initial stages and no projected outcome can be made at this time. Roughly 53 units are complete with another 15 or so units in various stages of completion. The Corporation has leased all available units and has been awarded a grant to complete the remaining 15 units.

URBAN RESTORATION ENHANCEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE #8 - ECONOMIC DEPENDENCY

The Corporation receives the majority of its revenue from funds provided through grants administered by the Louisiana Governor's Office of Urban Affairs and Economic Development. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds the Corporation receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Corporation will receive in the next fiscal year.

NOTE #9. FEDERAL GRANT CONTINGENCIES

The Corporation receives a large portion of its revenues from government grants and contracts, all of which are subject to audit by the governments. The ultimate determination of amounts received under these programs generally is based upon allowable cost reported to and are subject to audit by the government. Until such audits, if any, there exists a contingency to refund any amount received in excess of allowable cost. Management is of the opinion that no material liability will result from such audits.

SUPPLEMENTAL INFORMATION

URBAN RESTORATION ENHANCEMENT CORPORATION
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 1998

<u>PROGRAM TITLE</u>	<u>FEDERAL CDFA NUMBER</u>	<u>FEDERAL REVENUE RECEIVED</u>	<u>FEDERAL REVENUE RECOGNIZED</u>	<u>EXPENSES</u>
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>				
Passed Through City of Baton Rouge				
Home Funds #B-93-MC 22002	*	\$528,109 <u> </u>	\$528,109 <u> </u>	\$528,109 <u> </u>

* Grantor Agency Unable to Provide

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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

September 15, 1998

To the Board of Directors
East Feliciana Council on Aging
Clinton, Louisiana

I have audited the financial statements of the East Feliciana Council on Aging, Inc. as of and for the year ended June 30, 1998, and have issued my report thereon dated September 15, 1998. I conducted my 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.

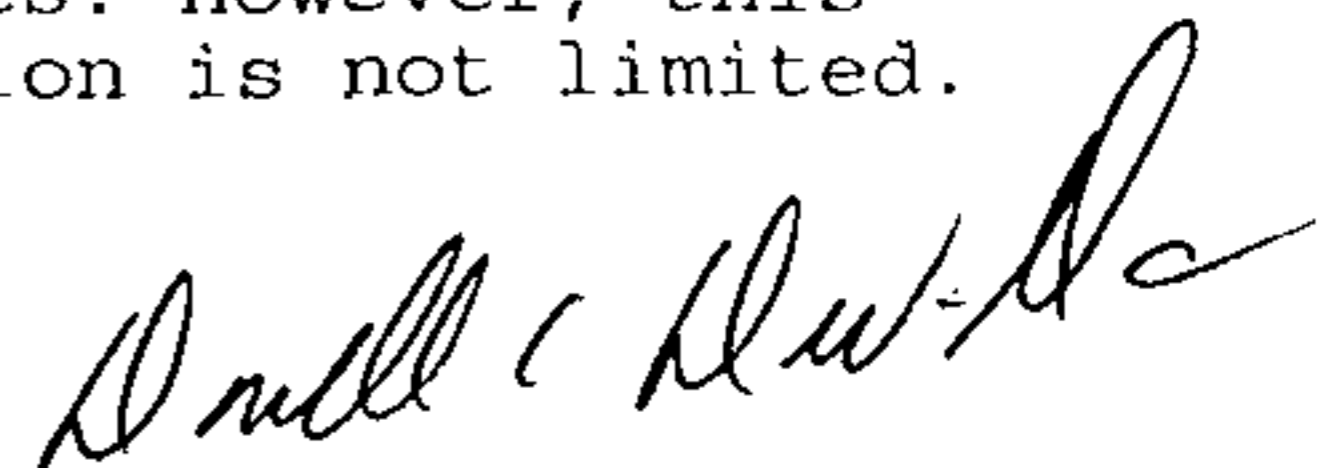
COMPLIANCE

As part of obtaining reasonable assurance about whether Council's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my 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 my audit, I considered Council's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in 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 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. I noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and distribution is not limited.



URBAN RESTORATION ENHANCEMENT CORPORATION
SCHEDULE OF PRIOR YEARS FINDINGS
YEAR ENDED JUNE 30, 1998

Condition: The general contractor for the Home Fund project defaulted on the construction project. UREC could not validate the construction bond as of this date and sub contractors have filed \$500,000 in liens on the project creating a major contingency.

Status: The corporation is still in litigation against the general contractor.

* * * * *

Condition: Wages were paid in advance.

Status: Wages are no longer paid in advance. Wages are paid on the 15th and end of the month after wages are earned.

* * * * *

Condition: Some request for funds were not adequately documented for the tutorial program.

STATUS: Great improvement have been made in obtaining documentation for the tutorial programs.

* * * * *