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## XAVIER TRIANGLE NEIGHBORHOOD DEVELOPMENT CORPORATION

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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 MAR 31 1999

### FINANCIAL AND COMPLIANCE AUDIT TOGETHER WITH INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED JUNE 30, 1998

**Bruno  
& Tervalon**

CERTIFIED PUBLIC ACCOUNTANTS

## TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT .....	1
STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 1998...	3
STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 1998 .....	4
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 1998 .....	5
NOTES TO THE FINANCIAL STATEMENTS .....	6
SUPPLEMENTAL INFORMATION:	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	15
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	16
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....	17
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL IN ACCORDANCE WITH OMB CIRCULAR A-133 .....	20
SCHEDULE OF FINDINGS AND QUESTIONED COSTS:	
Schedule I - Summary of the Independent Auditors' Results .....	22
Schedule II - Financial Statement Findings for the Year Ended June 30, 1998 .	23
Schedule III - Federal Award Findings and Questioned Costs for the Year Ended June 30, 1998 .....	24
EXIT CONFERENCE .....	25

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Xavier Triangle Neighborhood Development Corporation

We have audited the accompanying statement of financial position of the Xavier Triangle Neighborhood Development Corporation (Xavier Triangle-a non-profit corporation) as of June 30, 1998 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the management of the Xavier Triangle Neighborhood Development Corporation. Our responsibility is to express an opinion on these financial statements based on our audit.

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

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Directors  
Xavier Triangle Neighborhood Development Corporation

In accordance with Government Auditing Standards, we have also issued our report dated March 23, 1999 on our consideration of Xavier Triangle's 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 taken as a whole. The accompanying required OMB Circular A-133 schedule of expenditures of federal awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Bruno & Tervalon*

**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**March 23, 1999**

**Bruno**  
**& Tervalon**

CERTIFIED PUBLIC ACCOUNTANTS

**XAVIER TRIANGLE NEIGHBORHOOD DEVELOPMENT CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 1998**

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ASSETS

Cash and cash equivalents (NOTE 2)	\$ 96,167
Grants receivable	122,285
Prepaid insurance	6,400
Accounts receivable	11,288
Land and land improvements (NOTE 3)	57,624
Co-operative buildings and improvements (NOTES 1 and 3)	325,933
Office furniture and equipment, net of accumulated depreciation of \$9,885 (NOTE 3)	30,012
Mortgages and notes receivable (NOTE 9)	192,782
Renovations in progress (NOTE 2)	37,215
Deferred charges	<u>8,509</u>
 Total assets	 <u>\$888,215</u>

LIABILITIES AND NET ASSETS

Liabilities:

Due to Xavier University (NOTE 4)	\$135,848
Deferred revenues (NOTE 2)	40,176
Accounts payable	7,179
Notes payable (NOTE 10)	<u>41,088</u>
 Total liabilities	 <u>224,291</u>

Contingencies (NOTE 12)

Net assets (NOTE 2):

Unrestricted net assets-designated	658,288
Unrestricted net assets-unrestricted	<u>5,636</u>

Total net assets 663,924

Total liabilities and net assets \$888,215

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



**XAVIER TRIANGLE NEIGHBORHOOD DEVELOPMENT CORPORATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 1998**

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Revenues and Support

Support:

Grant funds	\$630,924
Contributions	28,030
Administrative fees	18,827

Revenues:

Interest income	2,204
Other income	30,333
Program income	<u>1,461</u>

Total revenues and support	<u>711,779</u>
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Expenses

Program Expenses:

Owner Occupied Rehabilitation Services	69,280
Community Development Corporation Support	26,359
First-time Homebuyer Support	532
Xavier Triangle Owner Occupied Program Support	22,852
Limited Equity Housing Cooperative Support	15,527
Micro-Loan Project Support	11,911
Economic Development	34,312
Home Buyer Training and Counseling	<u>500</u>

Total program services	<u>181,273</u>
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Supporting Services:

Management and general	<u>74,464</u>
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Total supporting services	<u>74,464</u>
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Total expenses	<u>255,737</u>
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Change in net assets	<u>456,042</u>
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Net assets, beginning of year	107,824
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Adjustments to beginning net assets (NOTE 11)	<u>100,058</u>
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Adjusted net assets, beginning of year	<u>207,882</u>
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Net assets, end of year	<u>\$663,924</u>
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The accompanying notes are an integral part of these financial statements.

**XAVIER TRIANGLE NEIGHBORHOOD DEVELOPMENT CORPORATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 1998**

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Cash flows from operating activities:	
Change in net assets	\$456,042
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation expense	3,990
Amortization expense	28,257
Changes in assets and liabilities:	
Increase in grants and accounts receivable	(100,200)
Increase in accounts payable	7,179
Increase in due to Xavier University	92,233
Increase in deferred revenue	15,786
Increase in prepaid insurance	(6,400)
Increase in deferred charges	<u>(10,636)</u>
Net cash provided by operating activities	<u>486,251</u>
Cash flows from investing activities:	
Land purchases	(43,514)
Equipment purchases	(11,620)
Co-operative buildings and improvements	(325,933)
Mortgages and notes receivable	(122,873)
Repayment of notes receivable	4,019
Renovations in progress	<u>(37,215)</u>
Cash flows from investing activities	<u>(537,136)</u>
Cash flows from financing activities:	
Notes payable	<u>41,088</u>
Cash flows from financing activities	<u>41,088</u>
Decrease in cash and cash equivalents	(9,797)
Cash and cash equivalents at June 30, 1997	<u>105,964</u>
Cash and cash equivalents at June 30, 1998	<u>\$ 96,167</u>

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

# XAVIER TRIANGLE NEIGHBORHOOD DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1 - ORGANIZATION

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

#### Programs

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

- o First-Time Homebuyer Support (NHIF) is a non-federal grant from the City of New Orleans which was granted for the purpose of assisting residents in becoming first time homebuyers through a housing cooperative and to reduce blight in the Xavier Triangle area.
  
- o Community Development Corporation Support (SEEDCO) is a private grant from Structured Employment and Economic Development Corporation which is to be used to assist Xavier Triangle in its operation of a neighborhood-based Community Development Corporation (CDC).



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

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NOTE 1 - ORGANIZATION  
CONTINUED

Programs, Continued

- o Owner Occupied Rehabilitation Services (OOR) is a federal grant from the City of New Orleans, Department of Housing and Neighborhood Development under the Home Investment Partnership Program and the Community Development Block Grant Program which were granted for the purpose of benefitting principally low and moderate income persons by providing owner occupied rehabilitation services.
- o Limited Equity Housing Cooperative Support (Co-Op Homebuyer) is a federal grant from the City of New Orleans, under the HOME Investment Partnership Program which was granted from the Home set aside funds for organizations that have been formally designated as Community Housing Development Organizations which serve the housing needs of citizens within the Community who have a low-moderate income designation. This grant is for the purpose of developing a limited equity housing cooperative (Zion City Housing Co-operative).
- o Micro-Loan Project Support (Micro Lending Project) is a non-federal grant from the City of New Orleans', Economic Development Fund which was granted for the purpose of establishing a successful micro-loan program for the Xavier Triangle Community and to develop the capacity to administer micro-loan projects for other organizations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Principles of Accounting

The financial statements and supplemental schedule of the Xavier Triangle are prepared in accordance with generally accepted accounting principles, and are prepared on the accrual basis. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at

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

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
CONTINUED

A. Principles of Accounting, Continued

the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

B. Cash and Cash Equivalents

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

C. Basis of Reporting

Xavier Triangle has adopted the provisions of 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. SFAS No. 117 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories (i.e. unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) according to externally (donor) imposed restrictions.

A description of the three (3) net asset categories is as follows:

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

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
CONTINUED

C. Basis of Reporting, Continued

Unrestricted net assets include the following:

- o Unrestricted net assets include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of Xavier Triangle are included in this category. Xavier Triangle has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of Xavier Triangle, and therefore, Xavier Triangle's policy is to record these net assets as unrestricted.
- o Unrestricted net assets-designated represent the unexpended balance of funds from program activities.

Temporarily restricted net assets include realized gains and losses, investment income and gifts and contributions for which donor imposed restrictions have not been met.

Permanently restricted net assets are contributions which are required by the donor-imposed restriction to be invested in perpetuity and only the income be made available for program operations in accordance with the donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor imposed restrictions.

At June 30, 1998, Xavier Triangle did not have any temporarily or permanently restricted net assets.

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

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
CONTINUED

D. Deferred Revenues

Grant revenues received in advance of performing related grant activities are deferred until such activities are completed. Revenues received from the Home and Economic Development Fund Grants, but not yet earned totaled \$40,176 at June 30, 1998.

E. Fixed Assets

Fixed assets are stated at cost, if purchased, or at fair market value at the date of the gift, if donated. Depreciation is provided using the straight-line method over the estimated useful life of the office furniture and equipment, which is 5 years.

F. Renovations in Progress

Xavier Triangle has performed renovations on certain eligible recipients' homes that have not been completed as of June 30, 1998. Such costs will be transferred to mortgages and notes receivable upon completion of the renovations.

G. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.



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

NOTE 3 - FIXED ASSETS

Xavier Triangle's fixed assets at June 30, 1998 were composed of the following:

Office Furniture and Equipment:

	<u>Balance at</u> <u>07/01/97</u>	<u>Additions</u>	<u>Balance at</u> <u>06/30/98</u>
Asset	\$28,277	\$ 11,620	\$ 39,897
Accumulated Depreciation	<u>(5,895)</u>	<u>(3,990)</u>	<u>(9,885)</u>
Net office furniture and equipment	<u>\$22,382</u>	<u>\$ 7,630</u>	<u>\$ 30,912</u>

Zion City Housing Co-Operative

	<u>Balance</u> <u>07/01/97</u>	<u>Additions</u>	<u>Balance</u> <u>06/30/98</u>
Land and land Improvements	\$14,110	\$ 43,514	\$ 57,624
Co-operative Building Renovation	<u>-0-</u>	<u>325,933</u>	<u>325,933</u>
Total	<u>\$14,110</u>	<u>\$369,447</u>	<u>\$383,557</u>

NOTE 4 - DUE TO XAVIER UNIVERSITY

At June 30, 1998, Xavier University had not been reimbursed by Xavier Triangle for expenditures incurred with respect to the SEEDCO, NHIF, HOME, Owner Occupied Rehab, Co-Op Homebuyer, MICRO Lending Program grants and unrestricted account, totaling \$135,848.



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

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NOTE 5 - INCOME TAXES

Xavier Triangle Neighborhood Development Corporation is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE 6 - RELATED PARTY TRANSACTIONS

Xavier University provides certain accounting and fiscal management functions for Xavier Triangle at a cost as mutually agreed per the contract between the two parties provided such funds are received by Xavier Triangle. During the year ended June 30, 1998, no such funds were received.

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

NOTE 7 - HISTORICALLY BLACK COLLEGE GRANT

During the year, Xavier University of Louisiana was the recipient of a grant award from the U. S. Department of Housing and Urban Development's (HUD) Historically Black Colleges and Universities (HBCU) program. These services were essentially performed by the management of Xavier Triangle on behalf of Xavier University. Expenditures associated with grant activities, which were recorded on the books of Xavier University and not audited as an integral part of the Xavier Triangle audit are as follows at June 30, 1998:

<u>Description</u>	<u>Amount</u>
Salaries and fringe benefits	\$107,418
Contractual services	<u>11,489</u>
Total	<u>\$118,907</u>

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

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NOTE 8 - FAIR VALUE OF FINANCIAL INSTRUMENTS:

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

NOTE 9 - MORTGAGES AND NOTES RECEIVABLE:

Mortgages Receivables

Under the terms of the Home grants, Xavier Triangle has renovated certain properties, with such renovations being recorded as a mortgage lien. The terms of the mortgage agreements provide that the mortgage amount be forgiven over periods ranging from 5 years to 15 years, provided the owners do not sell or vacate the property.

At June 30, 1998, \$167,654 was recorded as mortgage receivables and the amortization of the receivable totaling \$26,130 was recorded as mortgage grant expense.

Notes Receivable

Under the terms of the note and contract agreements, Xavier Triangle has performed renovations to certain properties, whereby the owners are indebted to Xavier Triangle in the form of promissory notes.

Such notes are for periods ranging from 10 years to 15 years with interest payable ranging from 0% to 3%.

At June 30, 1998, \$25,128 was recorded as notes receivable.

NOTE 10 - NOTES PAYABLE

The City of New Orleans (the City) loaned Xavier Triangle \$41,088 which was utilized to acquire Zion City Housing Co-operative property. The notes were forgiven by the City in January, 1999.

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

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NOTE 11 - ADJUSTMENT TO NET ASSETS

During the year ended June 30, 1997, the City of New Orleans paid the cost of renovations for certain homeowners directly to the related contractors. Such amounts were recorded as mortgages with Xavier Triangle being the lienholder. The effect on net assets for the recordation of the receivables is \$100,058.

NOTE 12 - CONTINGENCIES:

Participation in Grant Programs

Xavier Triangle administers and participates in certain grant funded programs. In connection with the administration and operations of these grants, Xavier Triangle is to expend grant funds and allocations in accordance with program guidelines and regulations. However, should Xavier Triangle have operated/administered the programs and/or grants in a manner which would be in non-compliance with the guidelines and regulations, Xavier Triangle may be required by the funding sources to repay some portion or all of the grant award.

NOTE 13 - YEAR 2000:

The management of Xavier Triangle is assessing its computer systems and business processes and intends to initiate actions to address the Year 2000 (Y2K). At this time, management is not able to determine the impact, including the costs of remediation, of the "Year 2000 issue" on Xavier Triangle.

## **SUPPLEMENTAL INFORMATION**

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**XAVIER TRIANGLE NEIGHBORHOOD DEVELOPMENT CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 1998**

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<u>FEDERAL GRANTOR/ PROGRAM NAME</u>	<u>Federal CFDA or Other Number</u>	<u>Pass-Through Entity's Number</u>	<u>Activity</u>
<u>U. S. Department of Housing and Urban Development</u>			
<u>Awards from a Pass-Through Entity</u>			
Through: City of New Orleans			
Home Investment Partnerships Program	14.239	94-002	\$ 172,425
Home Investment Partnerships Program	14.239	95-006	93,044
Home Investment Partnerships Program	14.239	96-001	73,396
Home Investment Partnerships Program	14.239	96-004	56,241
<u>CDBG - Entitlement and Small Cities Cluster</u>			
Community Development Block Grants	14.218	10-048	<u>92,027</u>
Total expenditures of federal awards			<u>\$ 487,133</u>

See the Independent Auditors' Report on Supplementary Information.



**XAVIER TRIANGLE NEIGHBORHOOD DEVELOPMENT CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 1998**

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NOTE 1 - Basis of Accounting:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Xavier Triangle Neighborhood Development Corporation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.

NOTE 2 - Subrecipients:

Of the federal expenditures presented in the Schedule, Xavier Triangle did not provide any federal awards to subrecipients.

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

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To the Board of Directors  
Xavier Triangle Neighborhood Development Corporation

We have audited the financial statements of Xavier Triangle Neighborhood Development Corporation (a non-profit organization) as of and for the year ended June 30, 1998, and have issued our report thereon dated March 23, 1999. 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 Xavier Triangle Neighborhood Development Corporation (Xavier Triangle) 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  
INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS  
(CONTINUED)**

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To the Board of Directors  
Xavier Triangle Neighborhood Development Corporation

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Xavier Triangle'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 a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 Xavier Triangle's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item number 98-01.

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 over financial reporting 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 the reportable condition is a material weakness.

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

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To the Board of Directors  
Xavier Triangle Neighborhood Development Corporation

This report is intended solely for the information and use of the Board of Directors, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Bruno & Tervalon*

**BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS**

March 23, 1999



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

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To the Board of Directors  
Xavier Triangle Neighborhood Development Corporation

Compliance

We have audited the compliance of Xavier Triangle Neighborhood Development Corporation (Xavier Triangle) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 1998. Xavier Triangle's major federal program is identified in the summary of the independent auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Xavier Triangle's management. Our responsibility is to express an opinion on Xavier Triangle's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Xavier Triangle's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Xavier Triangle's compliance with those requirements.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133  
(CONTINUED)**

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To the Board of Directors  
Xavier Triangle Neighborhood Development Corporation

In our opinion, Xavier Triangle complied, in all material respects, with the requirements referred to previously that are applicable to its major federal program for the year ended June 30, 1998.

Internal Control Over Compliance

The management of Xavier Triangle is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Xavier Triangle's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

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

March 23, 1999

**Bruno  
& Tervalon**

CERTIFIED PUBLIC ACCOUNTANTS

**XAVIER TRIANGLE NEIGHBORHOOD DEVELOPMENT CORPORATION  
SCHEDULES OF FINDINGS AND QUESTIONED COSTS  
SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 1998**

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1. Type of report issued on the financial statements. Unqualified opinion
2. Did the audit disclose any reportable conditions in internal control. Yes
3. Were any of the reportable conditions material weaknesses. Yes
4. Did the audit disclose any noncompliance which is material to the financial statements of the organization. No
5. Did the audit disclose any reportable conditions in internal control over major programs. No
6. Were any of the reportable conditions in internal control over major programs material weaknesses. No
7. Type of report issued on compliance for major programs. Unqualified
8. Did the audit disclose any audit findings which the independent auditors are required to report under OMB Circular A-133, Section 510(a). No
9. The following is an identification of major programs:

<u>CFDA or Contract Number</u>	<u>Name of Federal Program</u>
14.239	Home Investment Partnership Program
10. The dollar threshold used to distinguish between Type A and Type B Programs, as described in OMB Circular A-133, Section 520(b) was \$300,000.
11. Did the auditee qualify as a low-risk auditee under OMB Circular A-133, Section 530. No

**XAVIER TRIANGLE NEIGHBORHOOD DEVELOPMENT CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 1998  
FINANCIAL STATEMENT FINDINGS**

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Internal Control Over Financial Reporting

98-01 Financial Records and Accounts

We noted the following during our audit:

- The management of **Xavier Triangle** did not record accounting information to the financial records on a timely basis. This condition resulted in management failing to obtain current financial statements and delayed the issuance of audit reports past the statutory state requirement;
- The mortgage receivables and related amortization had not been recorded and/or reconciled to the general ledger on a timely basis; and
- The grants receivable per the general ledger had not been reconciled to outstanding payment requests made to funding sources.

OMB Circular A-110, Subpart C, Section 21 establishes standards for financial management systems that non-profits are required to adhere to. Also, Louisiana Revised Statute 24:513 require financial audits to be completed and issued no later than six months after the close of the organization's fiscal year.

We recommend that management of **Xavier Triangle** take immediate steps to develop and implement policies and procedures to correct the noted deficiencies.

**XAVIER TRIANGLE NEIGHBORHOOD DEVELOPMENT CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 1998**

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There were no audit findings which are required to be reported under OMB Circular A-133, Section 510(a).

**XAVIER TRIANGLE NEIGHBORHOOD DEVELOPMENT CORPORATION  
EXIT CONFERENCE**

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

**XAVIER TRIANGLE NEIGHBORHOOD DEVELOPMENT CORPORATION**

Ms. Brenda Davillier	--	Executive Director
Ms. Joyce Sandifer	--	Treasurer

**BRUNO & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS**

Mr. Edward J. Phillips, Jr.	--	Senior Manager
Ms. Lydia Joseph	--	Staff Accountant

The audit report was discussed. This report is intended solely for the information and use of the Board of Directors, Management, and Xavier Triangle's grantors and is not intended to be and should not be used by anyone other than those specified parties.

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

**March 23, 1999**



**XAVIER TRIANGLE NEIGHBORHOOD DEVELOPMENT CORPORATION**  
**CORRECTIVE ACTION PLAN**  
**FOR THE YEAR ENDED JUNE 30, 1998**

<u>AUDIT FINDING</u>	<u>PROPOSED CORRECTIVE ACTION</u>	<u>PROPOSED COMPLETION DATE</u>	<u>CONTACT PERSON</u>
<p>Xavier Triangle did not record accounting information to the financial records on a timely basis. Mortgage receivables and related amortization had not been recorded and/or reconciled to the general ledger.</p> <p>The grants receivable per the general ledger had not been reconciled to outstanding payment requests made to funding sources.</p>	<p>Xavier Triangle will establish policies and procedures to ensure accounting information is recorded properly and on a timely basis.</p> <p>Xavier Triangle will establish procedures to ensure grants receivable are reconciled to outstanding payment requests</p>	<p>May 15, 1999.</p> <p>May 15, 1999.</p>	<p>Mrs. Brenda Davillier Executive Director (504) 485-5466</p> <p>Mrs. Brenda Davillier Executive Director (504) 485-5466</p>