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TREME COMMUNITY EDUCATION PROGRAM
NEW ORLEANS, LA 70119

**INDEPENDENT AUDIT OF THE ANNUAL FINANCIAL STATEMENTS
INCLUDING REPORTS ON THE BASIC FINANCIAL STATEMENTS AND
RELATED SINGLE AUDIT REPORTS FOR THE YEAR ENDED JUNE 30, 1999**

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 DEC 29 1999

TREME COMMUNITY EDUCATION PROGRAM

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Treme Community Education Program
3233 St. Bernard Avenue
New Orleans, LA 70119

I have audited the accompanying statement of financial position of Treme Community Education Program as of June 30, 1999, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Treme Community Education Program's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards required 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 my audit provides 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 Treme Community Education Program as of June 30, 1999 and the results of operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have issued a reported dated December 21, 1999 on my consideration of Treme Community Education Program's internal control structure and report dated December 15, 1999 on compliance with laws and regulation. My audit was made for the purpose of forming an opinion on the basic financial statement of Treme Community Education Program taken as a whole. The accompanying Schedule of Awards and Expenses for the year ended June 30, 1999 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read 'Carl R. Johnson', with a horizontal line extending from the end of the signature.

Carl R. Johnson
Certified Public Accountant

December 21, 1999

Treme Community Education Program
Statement of Financial Position
June 30, 1999

Assets

Current Assets	
Cash on Hand	\$ 94
Checking Accounts	1,536
Grants Receivable	38,283
Payroll Checking Accounts	34
Total Current Assets	<u>39,947</u>
Property and Equipment	
Equipment	17,108
Less accumulated depreciation	<u>(5,812)</u>
Total Property and Equipment	<u>11,296</u>
Total Assets	<u><u>\$ 51,243</u></u>

Liabilities & Net Assets

Current Liabilities	
Accounts payable	\$ 12,157
Withheld and accrued payroll taxes	318
Total Current Liabilities	<u>12,475</u>
Net Assets	
Beg. Fund Balance	5,635
Net Change in Fund Balance	<u>33,133</u>
Total Net Assets	<u>38,768</u>
Total Liabilities & Net Assets	<u><u>\$ 51,243</u></u>

See accompanying notes and auditor's report.

Treme Community Education Program
Statement of Activities
Year Ended June 30, 1999

Revenue	
Contributions Received	\$ 4,837
Grants	472,089
Other Income	468
	477,394
 Program Services	
Contract Labor	4,500
Empl Medicare Tax Expens	3,158
Employer FICA Tax Expen	13,504
Employer SUTA Expense	3,190
Fringe Benefits	3,463
Salaries & Wages	217,799
Supplies	14,589
	260,203
 Operating Expenses	
Advertising and Promotion	598
Auto Expenses	2,956
Bank Charges	698
Depreciation Expense	3,422
Equipment Rental	118,084
Insurance - General	20,441
Legal & Accounting	3,500
Maintenance & Repair	6,663
Office Supplies	3,741
Postage (And Deliveries)	586
Rent - Office (Bldg)	12,000
Staff Development	670
Telephone	6,079
Utilities	5,632
	185,070
Operating Income	32,121
 Other Income and Expense	
Interest expense	(848)
	(848)
Change in net assets	\$ 31,273

See accompanying notes and auditor's report.

Treme Community Education Program
Statement of Cash Flows
For the Year Ended June 30, 1999

Cash Flows from Operating Activities:	
Net income(loss)	\$ 31,273
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation expense	3,422
Change in accounts receivable	(13,259)
Change in accounts payable	(5,172)
Change in accrued expenses	<u>(26,273)</u>
Net Cash Provided by (Used by) Operating Activities	(10,009)
Cash Flows from Investment Activities:	
Investment in property & equipment	<u>5,157</u>
Net Cash Provided by (Used by) Investing Activities	5,157
Cash Flows from Financing Activities:	
Beginning Retained Earnings	<u>(6,033)</u>
Net Cash Provided by (Used by) Financing Activities	<u>(6,033)</u>
Net Increase(Decrease) in Cash	(10,885)
Cash at Beginning of Period	<u>12,549</u>
Cash at End of Period	<u><u>\$ 1,664</u></u>

See accompanying notes and auditor's report

**TREME COMMUNITY EDUCATION PROGRAM
SCHEDULE OF AWARD AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 1999**

	<u>OUAD</u>	<u>DSS</u>	<u>NOCOA</u>	<u>General</u>	<u>TOTALS</u>
<i>Grant Number</i>	523153	538897	522073		
Grant Revenue	\$208,139	\$201,450	\$62,500		472,089
Other Contributions				\$5,304	5,304
Total Revenue	\$208,139	\$201,450	\$62,500	\$5,304	\$477,393
Salaries	127,276	90,523	0	0	217,799
Payroll Taxes	11,712	8,139	0	0	19,851
Fringe Benefits	1,749	1,714			3,463
Total Employee Costs	140,737	100,376	0	0	241,113
Equipment Rental	40,838	35,446	41,800		118,084
Building Rental	5,000	3,000	4,000		12,000
Utilities	1,689	1,042	2,901		5,632
Telephone	2,706	2,332	1,041		6,079
Contract Labor	3,500	1,000	0		4,500
Office Supplies	0	2,158	1,443	140	3,741
Supplies	6,403	3,687	4,499		14,589
Insurance	11,166	4,459	4,816		20,441
Postage	250	116	220		586
Accounting and Auditing	1,500	1,500	0	500	3,500
Staff Development	391	150	129		670
Repairs and Maintenance	2,160	2,021	2,482		6,663
Advertising	64	0	534		598
Auto and Truck	1,481		1,475		2,956
Bank Service Charges	388	167	80	63	698
Interest Expense				848	848
Depreciation				3,422	3,422
Total Expenses	218,273	157,454	65,420	4,973	446,120
Change In Net Assets	(10,134)	43,996	(2,920)	331	31,273

See Accompany notes and accountant's report

**TREME COMMUNITY EDUCATION PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Treme Community Education Program (TCEP) is a Non-Profit Organization established to provide social services to residents of New Orleans, LA. It was established and incorporated on May 31, 1996, to promote and effectuate the planning and delivery of community services and social service programs within the community. The corporation is organized to mobilize such human and financial resources as may be available to correct the socio-economic deprivations affecting the area and to avail itself to the community. The sources of revenue come from the Office of Urban Affairs, Department of Social Services and New Orleans Council on Aging.

TCEP has two major programs. The first is Harmony House, which is a senior citizen recreation center that provides a variety of essential life support and cultural enrichment services to seniors who reside in parts of the 5th, 6th, 7th and 8th wards of New Orleans. The second program is Treme Youth Development Center. As the youth services arm of the facility, it provides after school monitoring services for at-risk youths between the ages of six to sixteen years, who reside or attend school in District 96 of Orleans parish.

2. Presentation of Financial Statements

The accompanying financial statements have been presented in accordance with generally accepted accounting principles. They are presented on the accrual basis of accounting.

3. Basis of Reporting

The Agency has adopted SFAS No. 117 which 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 assets categories (i.e. unrestricted net assets, temporarily restricted net assets and permanently restricted net assets) accordingly to external donor-imposed restrictions.

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

Unrestricted Net Assets include the following:

Unrestricted Net assets include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of the Agency is included in this category. The Agency has determined that any donor imposed restrictions for current or developing programs and activities are

generally met within the operating cycle of the Agency, and therefore, the Agency's policy is to record these assets as unrestricted.

Temporarily restricted net assets include realized gains and losses, investment income and gifts, appropriations 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 is made available for program operations in accordance with the donor restrictions. Such income is reflected in temporarily restricted assets until utilized for donor imposed restrictions.

At June 30, 1999, the Agency did not have any permanently restricted or temporarily restricted net assets.

4. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Agency considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

5. Property, Plant and Equipment

Property, Plant and Equipment is stated at cost, if purchased, or at fair market value at the date of gift, if donated.

6. Revenue Recognition

For financial reporting purposes, the Agency recognized revenues when earned.

NOTE B - EXEMPT STATUS

The corporation is tax exempt under provision of Section 501(c)(3) of the Internal Revenue Code. The corporation meets all of the applicable provision of the law.

NOTE C – PROPERTY AND EQUIPMENT

Fixed assets are stated at cost. Donated property and equipment are stated at fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Property and equipment consist of the following as of:

Computer Equipment	\$ 17,108
Accumulated Depreciation	(5,812)
Net Computer Equipment	\$ 11,296

NOTE E - COMPENSATION TO DIRECTORS

The member of the Board of Directors received no compensation for services related to the governing of this agency or any of its programs, nor were there any accruals made for these activities during the period being audited.

NOTE F - ECONOMIC DEPENDENCY

The agency received the majority of its revenue from funds provided through grants administered by various state and quasi-governmental agencies. If significant budget cuts are made at the federal, state and/or city level, the amount of the funds the organization receives could be reduced significantly and have an adverse impact on its operation. Management is not aware of any actions that will adversely affect the amount of funds it will receive in the next fiscal year.

NOTE G - EQUIPMENT LEASE

TCEP leased three passenger vehicles from Webb Enterprises for the purpose of transporting program participants. Current lease agreements were in effect for the reporting period, July 1, 1998 through June 30, 1999, required monthly payments of \$4,700 and \$3,800.

TCEP also maintains an operating lease for an office copier and accessories with Gulf Coast Products for \$354.25 per month.

All other equipment rental costs were from miscellaneous short-term leasing of minor equipment.

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INDEPENDENT AUDITOR'S 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
Treme Community Education Program
3233 St. Bernard Avenue
New Orleans, LA 70119

I have audited the financial statements of Treme Community Education Program as of and for the year ended June 30, 1999, and have issued my report thereon dated December 15, 1999. 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 the Treme Community Education Program's financial statements are free of material misstatement, I performed tests of Treme Community Education Program's 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 instances of noncompliance that are required to be reported under Government Auditing Standards, which are described in the accompanying schedule of findings and questioned costs.

Internal Control over Financial Reporting

In planning and performing my audit, I considered New Orleans Educational Talent Search Program Inc.'s internal control over financial reporting in order to determine our 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. 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 on the internal control over financial reporting that, in our judgement, 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.

A material weakness is a condition in which the design or operation of one or more of the internal control elements 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 internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that none of the reportable conditions described above is a material weakness.

This report is intended for the information of management, and others within the organization and the appropriate state and federal agencies. However, this report is a matter of public record, and its distribution is not limited.



Carl R. Johnson
Certified Public Accountant

December 21, 1999

**TREME COMMUNITY EDUCATION PROGRAM
SCHEDULE OF FINDINGS AND QUESTIONED COST
FOR THE YEAR ENDED JUNE 30, 1999**

Condition

During our review of the entity's internal control system, we noted a lack of segregation of duties in the cash receipts process. All program cancelled checks, check registers and general ledgers are maintained by the bookkeeper. (However, checks are received and reviewed by the executive director prior to reconciling and issuance)

Effect of Condition

Without proper internal controls in place, the organization puts the assets of the granting agencies as well as their own at risk.

Criteria

The grant agreements require that proper procedures be in place to employ good recordkeeping and safeguarding of assets.

Recommendation

We recommends that the client implements an additional layer of maintenance in the cash receipts process.

**TREME COMMUNITY EDUCATION PROGRAM
 UPDATE OF PRIOR YEAR FINDINGS
 FOR THE YEAR ENDED JUNE 30, 1999**

	<u>Resolved</u>	<u>Unresolved</u>
Finding #1: Bank Reconciliations Not Prepared	X	
Finding #2: Commingling of Funds	X	
Finding #3: Fixed Asset Schedule Not Maintained	X	
Finding #4: Accrual Accounting Not Implemented	X	
Finding #5: Cash Flow Statement Not Prepared	X	
Finding #6: Uncategorized Miscellaneous Revenue	X	
Finding #7: Lack of Segregation of Duties		X
Finding #8: Inaccurate Recording of Payroll Expenses	X	
Finding #9: Form 941's Not Filed	X	
Finding #10: Lack of Supporting Documentation	X	

MANAGEMENT LETTERS

TREMÉ COMMUNITY EDUCATION PROGRAM, INC.

3233 ST. BERNARD AVE. • NEW ORLEANS, LA. 70119-1918 • (504) 948-3688 • FAX (504) 948-3698

NORMAN R. SMITH, EXECUTIVE DIRECTOR

December 18, 1999

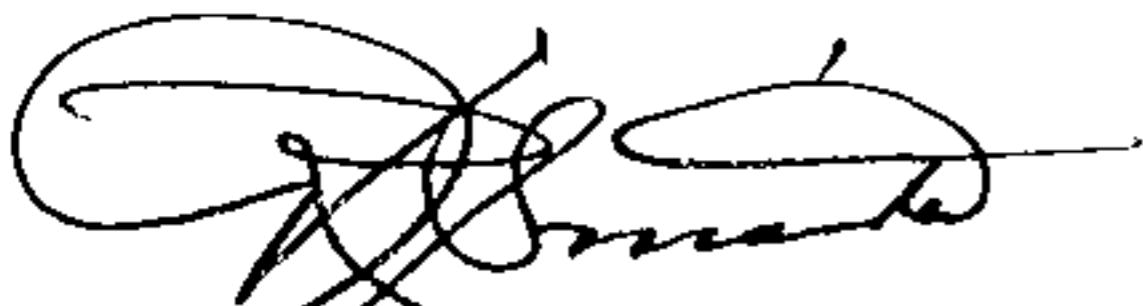
Carl Johnson, CPA
2642 Tulane Ave.
New Orleans, LA. 70119

Dear Mr. Johnson:

Concerning your audit of our financial statements for fiscal year July 1, 1998 to June 30, 1999 for the purpose of expressing an opinion on whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of Tremé Community Education Programs, Inc. in conformity with generally accepted accounting principles, we have taken the following corrective actions in response to your "Schedule of Findings and Questioned Cost":

- We have amended the duties of the administrative personnel (Executive Director, Administrative Assistant and Bookkeeper) to include the following procedures for processing the dispersion of petty cash:
- The Administrative Assistant will oversee and review the reconciliation of all checking accounts.
- Petty cash requests will start at the Administrative Assistant who will critique all requests before recommending action to the Executive Director, who will critique and dispose of the action. If approved, the Administrative Assistant will present it to the bookkeeper to dispense the funds.
- When I receive the monthly bank statements, from the U. S. Postal Service, I will peruse them and give the statements to the bookkeeper for reconciliation and then she will give them to the Administrative Assistant who will review and critique all financial accounts.

These actions represent an amendment to the job descriptions and duties of all of the staff members mentioned above.



Norman R. Smith,
Executive Director

BOARD OF DIRECTORS

PAUL T. WEST, PRESIDENT • DON DAVIDSON, VICE PRESIDENT • GREGORY BRIANT, TREASURER • LOUVINIA WALLACE, SECRETARY
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SPECIAL ADVISOR TO THE BOARD OF DIRECTORS

REP. EDWIN R. MURRAY, ESQ.

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