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**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION**

**FINANCIAL STATEMENTS  
AND  
REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANT**

**December 31, 1963**

Under the provisions of Article 10, the report to the public is available. A copy of this report has been sent to the public and other appropriate public officials. The report is available for public inspection at the State House office of the Legislative Auditor and, when appropriate, at the office of the parish clerk of court.

Released CMAA 7-28-64

**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION**

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# Justin J. Scanlan, C.P.A.

CERTIFIED PUBLIC ACCOUNTANT  
ONE ST. ROCH ASSE. NEW ORLEANS, LOUISIANA 70112  
TELEPHONE: (504) 584-0000

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Central City Economic Opportunity Corporation

I have audited the accompanying statement of financial position of Central City Economic Opportunity Corporation (a non-profit corporation) as of December 31, 2003 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Central City Economic Opportunity Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit. The prior year summarized comparative information has been derived from the Corporation's 2002 financial statements and, in my report dated June 10, 2003, I expressed an unqualified opinion on these financial statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. These 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 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 Central City Economic Opportunity Corporation as of December 31, 2003, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated June 17, 2004, on my consideration of Central City Economic Opportunity Corporation's internal control over financial reporting and my tests of its compliance with laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

My audit was made for the purpose of forming an opinion on the basic financial statements of Central City Economic Opportunity Corporation taken as a whole. The accompanying supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Central City Economic Opportunity Corporation. The 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, *Audit of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Central City Economic Opportunity Corporation. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

New Orleans, Louisiana  
June 17, 2004

*Justin J. Scanlan, C.P.A.*

**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION**

**STATEMENT OF FINANCIAL POSITION**

**December 31, 2003**

**ASSETS**

		<u>MEMORANDUM</u>	
		<u>2003</u>	
		<u>December 31, 2003</u>	
Cash (Note D)	\$ 21,190	\$	-
Receivables			
Grants (Notes A) and (E)	185,774	271,670	
Other	30,807	300	
Inventory (Note E)	450	174	
Prepaid expenses and deposits	-	5,500	
Land, property and equipment - at cost (Notes A-C)			
Transportation equipment	57,546	78,841	
Less accumulated depreciation	<u>— 49,170</u>	<u>— 25,816</u>	
	8,376	53,025	
Land	<u>18,250</u>	<u>8,800</u>	
	<u>18,250</u>	<u>8,800</u>	
Buildings held for resale/development (Note A)	<u>179,800</u>	<u>179,800</u>	
Total assets	<u>\$ 467,658</u>	<u>\$ 478,671</u>	

**LIABILITIES AND NET ASSETS**

Cash received	\$ -	\$	4,811
Notes payable (Note E)	381,771	381,800	
Accounts payable and accrued liabilities	41,284	47,459	
Accrued rental amount lease benefits	42,260	52,171	
Due to funding source	38,897	34,420	
Commitments and Contingencies (Note F)	-----	-----	
Total liabilities	493,002	493,750	
Net assets			
Unrestricted	180,897	184,102	
Temporarily restricted	<u>40,150</u>	<u>11,822</u>	
Total net assets	<u>221,047</u>	<u>195,924</u>	
Total liabilities and net assets	<u>\$ 467,658</u>	<u>\$ 478,671</u>	

The accompanying notes are an integral part of this financial statement.

**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION**

**STATEMENT OF ACTIVITIES**

**For the year ended December 31, 2001**

	UNRECORDED	UNRECORDED	TOTAL	
			MEMBERSHIP CO-OP	
			FOR THE YEAR ENDED DECEMBER 31, 2001	FOR THE YEAR ENDED DECEMBER 31, 2000
<b>REVENUE</b>				
Grant appropriations (State &)	\$ -	\$ 2,082.70	\$ 2,082.70	\$ 2,082.70
Contributions	4,000	-	4,000	100
Interest income	18	-	18	8
Fund raising, net of direct costs of \$1,000	2,500	-	2,500	6,000
Other income	2,000	-	2,000	30,000
Other income	60,000	-	60,000	60,000
Net assets (donated) from construction	2,000,000	2,000,000	-	-
<b>TOTAL REVENUE</b>	<b>2,068,000</b>	<b>4,082,700</b>	<b>2,700,700</b>	<b>2,782,700</b>
<b>EXPENSES</b>				
Salaries	100,000	-	100,000	90,000
Office benefits	100,000	-	100,000	200,000
Taxes	10,000	-	10,000	10,000
Operating services	170,000	-	170,000	180,000
Supplies	10,000	-	10,000	10,000
Professional services	10,000	-	10,000	10,000
Specialty maintenance	70,000	-	70,000	100,000
Capital outlay	10,000	-	10,000	10,000
Other costs	10,000	-	10,000	10,000
<b>TOTAL EXPENSES</b>	<b>580,000</b>	<b>-</b>	<b>580,000</b>	<b>580,000</b>
Income (loss) from investments	50,000	50,000	100,000	100,000
Income of funds in holding account	-	-	-	10,000
Net assets, beginning of year	2,000,000	2,000,000	2,000,000	2,000,000
Net assets, end of year	<b>2,438,000</b>	<b>2,130,000</b>	<b>2,520,700</b>	<b>2,632,700</b>

The accompanying notes are an integral part of this financial statement.

## CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

## STATEMENT OF CASH FLOWS

For the year ended December 31, 2002

Increase (decrease) in cash and cash equivalents

Cash flows from operating activities:

Increase in net assets

\$ 113,000

Adjustments to reconcile increase in net assets to net cash provided by operating activities:

Depreciation

\$ 15,073

Gain on sale of real estate

&lt; 1,000 &gt;

Changes in assets and liabilities:

Decrease in grants receivable

104,296

Increase in other receivables

&lt; 10,000 &gt;

Increase in inventory

&lt; 1,000 &gt;

Decrease in prepaid expenses and deposits

3,500

Decrease in accounts payable and accrued

liabilities

&lt; 6,140 &gt;

Decrease in accrued/vested annual leave

benefits

&lt; 9,500 &gt;

Decrease in due to funding source

&lt; 6,31,000 &gt;

113,160

Net cash provided by operating activities

116,293

Cash flows from financing activities:

Proceeds from sale of real estate

2,000

Principal payments on notes payable

&lt; 200 &gt;

Funding of prior year cash over/short

&lt; 6,4,000 &gt;

Net cash used in financing activities

&lt; 6,400 &gt;

Cash flows from investing activities:

Acquisition of land

&lt; 11,200 &gt;

Net cash used in investing activities

&lt; 11,200 &gt;

Net increase in cash and cash equivalents

111,900

Cash and cash equivalents, beginning of year

—

Cash and cash equivalents, end of year

\$ 111,900

The accompanying notes are an integral part of this financial statement.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**1. Nature of Activities**

Central City Economic Opportunity Corporation was organized to promote and develop economic opportunity to those in need of increased economic opportunity; to promote the education and welfare of the people of the community; and to form special interest groups as it deems necessary to solve special problems of the community.

**2. Presentation of Financial Statements**

The corporation's financial statements are prepared in accordance with requirements established by the Financial Accounting Standards Board (FASB) as set forth in the Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations," dated June 1993. Accordingly, the net assets of the corporation are classified in general for the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets. There were no permanently restricted net assets.

Net assets of the restricted class are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

**3. Revenue Recognition**

For financial reporting, the corporation recognizes all contributed support as income in the period received. Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as "net assets released from restrictions".

Grant revenue is recognized as it is earned in accordance with approved contracts.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. **Receivables**

The corporation considers accounts receivable to be fully collectible since the balance consists principally of payments due under governmental contracts. If accounts due become uncollectible, they will be charged to operations when that determination is made.

5. **Land, Property and Equipment**

Central City Economic Opportunity Corporation records property acquisitions at cost. Donated assets are recorded at estimated value at date of donation. Depreciation is provided for its assets sufficient to return the cost of depreciable assets to operations over their estimated service lives, principally on the straight-line method. Depreciation expense for the year ended December 31, 2003 totaled \$13,673.

It is the policy of the corporation to capitalize all property, furniture, and equipment with an acquisition cost in excess of \$1,000.

6. **Real Estate Held for Redevelopment**

Real estate investments are carried at cost and to extent estimates of net realizable value determined on an individual project basis.

7. **Cash Equivalents**

For purposes of the statement of cash flows, the corporation considers all investments with original maturities of three months or less to be cash-equivalents.

8. **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 these estimates.

9. **Fair Value of Financial Investments**

Cash, and cash equivalent accounts reported in the statement of financial position approximate fair value because of the short maturities of these investments.



**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

December 31, 2003

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**16. Total Columns of Combined Statements**

Total columns are captioned "Management Only" to indicate that they are prepared only to assist with financial analysis. Data in these columns do not present financial position, results of operations or changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**NOTE B - GRANTS RECEIVABLE**

The grants receivable at December 31, 2003 consist of the following:

City of New Orleans	\$ 39,170
Total Community Action, Inc.	49,118
State of Louisiana - Department of Education	4,902
State of Louisiana - Department of Health and Hospitals	10,000
	<b>\$ 103,190</b>

**NOTE C - INVENTORY**

Inventory consists of food purchased in connection with the Child Care Food Program and is accounted for on the first-in, first-out (FIFO) basis.

**NOTE D - NOTES PAYABLE**

The notes payable at December 31, 2003 consist of the following:

Note payable to bank, short-term borrowing, at a 7% interest rate, due August, 2004. The note is secured by real estate, the Hachidzen building.	\$ 34,771
Note payable to City of New Orleans, at a 7% interest rate, due December, 2003. The note is secured by real estate, the Hachidzen building.	120,000
	<b>\$ 154,771</b>

The note payable the City of New Orleans does not start to accrue interest until Central City Economic Opportunity Corporation transfers the property to an entity that qualifies for the historic tax credit and the transferee borrows a minimum of \$1,500,000 on a non-recourse basis.

**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

December 31, 1993

**NOTE D - NOTES PAYABLE - CONTINUED**

The aggregate maturities of the notes payable are as follows:

Year ending December 31,	
2004	\$ 24,770
2005	"
2006	"
2007	"
2008-2012	"
2013-2017	"
2018-2021	270,000
	<b>\$ 304,770</b>

**NOTE E - SUMMARY OF FUNDING**

The Central City Economic Opportunity Corporation funding for grants and contracts consists of the following:

Grant	Fiscal	Revenue Encumbered
Central City Day Care Services	1/000-001000	\$ 70,000
Senior Citizen Program	1/000-000004 1/000-000003	30,000 22,000
Head Start Program	1/000-001000	70,000
Child Abuse Cases	1/000-000004 1/000-000003	70,000 60,000
Adults	"	1,000
Central City Senior Citizen Services	1/000-001000	34,000
Head Start Program	00/000-000000 00/000-000000	34,000 34,000
CCOP Community Response Initiative	0/000001000	30,000
Temporary Assistance to Needy Families	00/000-000000	80,000
Central City Welfare Fund	1/000-000000	— 30,000
	<b>Total grant appropriations</b>	<b>\$1,000,000</b>

**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2003**

**NOTE F - COMMITMENT AND CONTINGENCIES**

The corporation leases its administrative and program offices annually from the City of New Orleans. The City of New Orleans provided approximately 7% of its funding for the year ended December 31, 2003. Due to a reduction of funding for its senior citizens programs from governmental sources, including the City of New Orleans, the corporation elected to forgo lease payments, totaling \$26,813, to the City of New Orleans for the senior center building. Management is of the opinion that the City of New Orleans will allow the elderly to remain in the building and forgo the collection of past due rents. The rental expense for the corporation, including the senior center building, totaled \$79,633 for the year ended December 31, 2003.

The Louisiana Housing Finance Agency conducted an examination of the Temporary Assistance To Needy Families program files during the 2003 calendar year. The audit disclosed possible administrative findings and questioned costs totaling approximately \$182,160. Management has appealed the audit findings with the agency and the final outcome is undeterminable.

**NOTE G - INCOME TAXES**

The corporation is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code.

**NOTE H - CASH FLOW INFORMATION**

Interest paid for the year ended December 31, 2003 totaled \$2,803.

**NOTE I - BOARD OF DIRECTORS' COMPENSATION**

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

**NOTE J - CONCENTRATION OF CREDIT RISK**

The bank balances as of December 31, 2003 are comprised of the following, which are not fully insured by Federal deposit insurance:

Demanded deposits, per bank statement	\$ 250,000
Deposits insured by Federal deposit insurance	2,167,000
Total insured demanded deposits	\$ 2,417,000

**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 1993**

**NOTE K - FEDERALLY ASSISTED PROGRAMS**

The Corporation participates in a number of federally assisted programs. These programs are audited in accordance with the Single Audit Act Amendments of 1996. Audits of prior years have not resulted in any disallowed costs, however, grants agencies may provide for further examinations. During 2000, The Louisiana Housing Finance Agency conducted an examination of the Temporary Assistance To Needy Families as stated in Note F.

**NOTE L - ECONOMIC DEPENDENCY**

The Corporation received the majority of its revenue from funds provided through grants administered by the City of New Orleans, State of Louisiana, Total Community Action, Inc., and New Orleans Council on Aging, Inc. 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 the funds the corporation receives could be reduced significantly and have an adverse impact on its operations. At the time of completion of the examination of the corporation's financial statements, the program administered by the Louisiana Housing Finance Agency for the year ended September 30, 2000 was terminated. Management was not aware of any other actions taken that would have a material adverse effect on the amount of funds the Corporation will receive in the next fiscal year.

The corporation is supported primarily through government grants. Approximately 98% of the corporation's support for the year ended December 31, 2003 comes from these grants.

## SUPPLEMENTAL INFORMATION

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 1993

	HEALTH- WELFARE	HEAD-START PROGRAM	SENIOR CITIZEN PROGRAM	FOOD SECURITY
<b>REVENUE</b>				
Grant appropriations	\$ 172,794	\$ 73,377	\$ 71,897	\$ 88,393
Contributions	-	-	-	-
Interest income	-	-	-	-
Fund raising, net of direct costs of \$1,119	-	-	-	-
Other	-	-	-	-
	<u>172,794</u>	<u>73,377</u>	<u>71,897</u>	<u>88,393</u>
<b>EXPENSES</b>				
Salaries	166,468	489,373	74,092	73,324
Energy benefits	13,279	94,723	8,882	2,019
Taxes	404	8,843	-	-
Operating services	22,728	73,332	18,698	-
Supplies	22,279	68,838	3,078	21,349
Professional services	4,817	13,284	-	1,146
Special activities	-	9,628	-	-
Capital costs	<u>4,678</u>	<u>4,379</u>	<u>3,078</u>	<u>-</u>
Other costs	<u>172,268</u>	<u>689,264</u>	<u>98,228</u>	<u>83,473</u>
Increase (decrease) in net assets	-	42,213	12,671	641
Transfers without grant	508	< 688	-	-
Net assets, beginning of year	<u>4,528</u>	<u>583</u>	<u>42,213</u>	<u>1,016</u>
Net assets, end of year	<u>5,036</u>	<u>615</u>	<u>54,884</u>	<u>1,657</u>

**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION**

**COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS - CONTINUED**

For the year ended December 31, 2001

	<b>NET ASSETS AND LIABILITIES</b>	<b>TEMPORARY ASSISTANCE TO SEEDY BANKERS</b>	<b>LOCAL COMMUNITY RESPONSE INITIATIVE</b>	<b>SEEDY BANKERS</b>
<b>REVENUE</b>				
Grant appropriations	\$ 19,028	\$ 899,495	\$ 24,361	\$ 24,361
Contributions	-	-	-	-
Interest income	-	-	-	-
Fund raising, net of direct costs of \$1,129	-	-	-	-
Other	-	-	-	-
	<u>19,028</u>	<u>899,495</u>	<u>24,361</u>	<u>24,361</u>
<b>EXPENSES</b>				
Salaries	6,311	11,434	1,500	11,100
Fringe benefits	786	36,594	716	3,116
Travel	3,814	-	441	-
Operating services	3,286	11,644	-	3,684
Supplies	4,443	3,336	487	1,196
Professional services	18,981	4,476	300	780
Specific initiatives	-	571,420	4,277	-
Capital assets	11,600	3,777	-	526
Other costs	3,382	121	2,111	1,020
	<u>55,103</u>	<u>802,622</u>	<u>10,175</u>	<u>18,112</u>
<b>Net assets - beginning of year</b>	-	4,239*	1,549	-
<b>Transfers (to/from) general</b>	-	3,189	11,311*	761
<b>Net assets, beginning of year</b>	<u>-</u>	<u>7,428</u>	<u>12,860</u>	<u>761</u>
<b>Net assets, end of year</b>	<u>19,028</u>	<u>1,000,113</u>	<u>24,361</u>	<u>42,473</u>

**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION**

**COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS - CONTINUED**

For the year ended December 31, 2003

	<b>CENTRAL-CITY NET ASSET REVENUE</b>	<b>THE ASSOCI- ATED CITY</b>	<b>GENERAL</b>	<b>TOTAL</b>
<b>REVENUE</b>				
Grant appropriations	78,943	-	2,700	81,643
Contributions	-	-	4,000	4,000
Interest income	-	-	11	11
Fund raising, net of direct costs of \$3,228	-	-	2,552	2,552
Other	<u>78,943</u>	<u>-</u>	<u>69,863</u>	<u>148,806</u>
			<u>78,113</u>	<u>3,004,048</u>
<b>EXPENSES</b>				
Salaries	68,424	900	8,945	78,269
Prize benefits	14,433	-	-	14,433
Taxes	-	-	-	-
Operating services	-	480	186	666
Depreciation	2,119	1,158	1,687	4,964
Professional services	3,900	1,871	7,182	12,953
Specific assistance	-	-	-	-
Capital costs	-	-	-	-
Other costs	<u>78,943</u>	<u>1,158</u>	<u>15,180</u>	<u>95,281</u>
			<u>15,633</u>	<u>1,000,268</u>
Interest retirement in net assets	-	= 11,508	62,500	74,008
Transfers between general	= 662	1,237	14,480	16,379
Net assets, beginning of year	<u>65</u>	<u>2,248</u>	<u>88,285</u>	<u>90,598</u>
Net assets, end of year	<u>1,000,268</u>	<u>1,000,268</u>	<u>1,100,080</u>	<u>3,001,616</u>



**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the year ended December 31, 2003

<b>PROGRAM</b>	<b>AMOUNT</b>	<b>EXPENDITURES</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
Passed through Total Community Action, Inc. Head Start Program	99,000	\$ 600,790
Passed through State of Louisiana Louisiana Housing Finance Agency Temporary Assistance to Needy Families	93,500	898,000
Passed through State of Louisiana Department of Health & Hospitals Alcohol and Drug Abuse	98,000	177,790
Passed through Southern University of New Orleans TANF Community Response Initiative	90,000	15,000
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		<b>1,791,580</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
Passed through State of Louisiana Department of Education Food Service Program	10,000	87,000
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>		<b>87,000</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
Passed through City of New Orleans Central City Day Care Services	14,218	70,940
Senior Citizen Services	14,218	24,140
Audit	14,218	2,700
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		<b>97,780</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>		
Passed through City of New Orleans Ward and Bond Program	16,000	30,000
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>		<b>30,000</b>
	<b>Total Federal Awards</b>	<b>\$ 2,006,360</b>

**Notes to Schedule of Expenditures of Federal Awards**

- The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.
- The Head Start grant requires non-federal matching funds totaling 20% of the grant. The in-kind contributions totaled \$174,000 for the year ended December 31, 2003. The corporation was in compliance with the matching requirements of the grant.

**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION**

**STATEMENT OF EXPENDITURES COMPARED  
TO BUDGET - CENTRAL CITY DAY CARE SERVICES**

For the year ended December 31, 2001

	<u>BUDGET</u>	<u>EXPENDITURES</u>	<u>ACTUAL -OVER- UNDER BUDGET</u>
Personnel services	\$ 71,500	\$ 70,884	\$ 416
Contractual services	1,475	1,388	87
Supplies and material	____ 1,100	____ 1,100	____ 0.00
	<b>\$ 74,075</b>	<b>\$ 73,372</b>	<b>\$ 4,103</b>

**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION**

**STATEMENT OF EXPENDITURES-COMPARED  
TO BUDGET - SENIOR CITIZEN SERVICES**

For the year ended December 31, 1983

	<u>BUDGET</u>	<u>EXPENDITURES</u>	<u>ACTUAL -OVER- UNDER BUDGET</u>
Personnel services	\$ 20,000	\$ 18,297	\$ 1,703
Contracted	1,880	1,231	349
Supplies and material	1,778	4,088	-(2,310)
Equipment and property	500	500	-
	<b>\$ 24,158</b>	<b>\$ 24,116</b>	<b>\$ 42</b>

# Justin J. Scanlan, CPA

CERTIFIED PUBLIC ACCOUNTANT  
4901 FT. ROSS AVE. NEW ORLEANS, LOUISIANA 70115  
TELEPHONE: (504) 382-6227

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"

Board of Directors  
Central City Economic Opportunity Corporation

I have audited the financial statements of Central City Economic Opportunity Corporation (a non-profit corporation), as of and for the year ended December 31, 2003, and have issued my report thereon dated June 17, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America 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 Central City Economic Opportunity Corporation's financial statements are free of material misstatements, 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 these 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 and which are described in the accompanying schedule of findings and questioned costs as item 2003-1.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered Central City Economic Opportunity Corporation'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. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Central City Economic Opportunity Corporation's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2003-2 and 2003-3.

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 to 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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are

also considered to be material weaknesses. However, I believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information of the audit committee, management, Louisiana Legislative Auditors, others within the organization and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditors as a public document.

*Justin J. Slaughter, CPA*

New Orleans, Louisiana  
June 17, 2014

# Justin J. Scanlan, CPA

CERTIFIED PUBLIC ACCOUNTANT  
ONE ST. MICHAEL'S  
NEW ORLEANS, LOUISIANA 70112  
TELEPHONE: (504) 584-0000

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

Board of Directors  
Central City Economic Opportunity Corporation

### **Compliance**

I have audited the compliance of Central City Economic Opportunity Corporation (a non-profit corporation) 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 each of its major federal programs for the year ended December 31, 2003. Central City Economic Opportunity Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Central City Economic Opportunity Corporation's management. My responsibility is to express an opinion on Central City Economic Opportunity Corporation's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America, 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, "Standards of the State, Local Government, Non-Profit Organizations." These standards and OMB Circular A-133 require that I 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 Central City Economic Opportunity Corporation's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Central City Economic Opportunity Corporation's compliance with those requirements.

As described in items 2003-4, 2003-4, 2005-3, 2005-4 and 2003-7 in the accompanying schedule of findings and questioned costs, Central City Economic Opportunity Corporation did not comply with requirements regarding reporting, eligibility, and allowable activities that are applicable to its Temporary Assistance to Needy Families program and Head Start Center Based program. Compliance with such requirements is necessary, in my opinion, for Central City Economic Opportunity Corporation to comply with requirements applicable to its major programs. In my opinion, except for the noncompliance described in the preceding paragraph, Central City Economic Opportunity Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003.

### Internal Control Over Compliance

The management of Central City Economic Opportunity Corporation 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 my audit, I considered Central City Economic Opportunity Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgment, could adversely affect Central City Economic Opportunity Corporation's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs on items 2003-2 and 2003-3.

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 to reliance on 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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe that some of the reportable conditions discussed above are material weaknesses.

This report is intended for the information of the audit commission, management, Louisiana Legislative Auditor, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 14:313, this report is distributed by the Legislative Auditor as a public document.



New Orleans, Louisiana  
June 17, 2004

**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the year ended December 31, 1993**

**A. SUMMARY OF AUDIT RESULTS**

1. An unqualified opinion was issued on the financial statements of Central City Economic Opportunity Corporation.
2. Two reportable conditions disclosed during the audit of the financial statements are reported in the "Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit of Financial Statements Performed In Accordance with Government Auditing Standards". The reportable conditions were not reported as material weaknesses.
3. One instance of noncompliance material to the financial statements of Central City Economic Opportunity Corporation, was disclosed during the audit.
4. Two reportable conditions disclosed during the audit of the internal control over major federal award programs are reported in the "Report On Compliance With Requirements Applicable To Each Major Program and Internal Control Over Compliance In Accordance With OMB Circular A-133". The reportable conditions were not reported as material weaknesses.
5. The auditors report on compliance for the major federal award programs for Central City Economic Opportunity Corporation a qualified opinion.
6. Audit findings that are required to be reported in accordance with Section 508(a) of OMB Circular A-133 are reported in this Schedule.
7. The major programs for the year ended December 31, 2000 consist of the following:
  - A. Head Start/Center Based Program - CFDA No. 91.600.
  - B. Temporary Assistance To Needy Families - CFDA No. 90.500.
  - C. TANF Community Response Initiative - CFDA No. 95.030.
8. The dollar threshold used to distinguish Type A and Type B programs was \$100,000.
9. Central City Economic Opportunity Corporation did not qualify as a low-risk auditee.



**CENTRAL-CITY ECONOMIC OPPORTUNITY CORPORATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

For the year ended December 31, 1993

**B. FINDINGS, FINANCIAL STATEMENTS, LIST OF REPORTABLE CONDITIONS**

**COMPLIANCE**

**201-1 Misappropriation of Assets**

**Statement of Condition:** The former senior assistant misappropriated assets by fraudulently forging the executive director's signature on vendor checks, fabricating vendor files, and forging endorsements of payee.

**Criteria:** The misappropriation of assets violates federal and state laws.

**Effect:** The employee theft creates a financial burden on the organization. Besides the actual theft of cash, the organization must review all vendor files to satisfy itself that all checks issued are properly supported.

**Recommendation:** The corporation should request the financial institutions to return the original checks, and not photocopies, monthly. The executive director should review all bank statements and uncashed checks monthly to ensure that they are not altered.

**Response:** See Corrective Action Plan.

**REPORTABLE CONDITIONS**

**201-2 Cash**

**Statement of Condition:** Outstanding checks over three months old are not being voided timely.

**Criteria:** Old outstanding checks should be voided timely to ensure program costs are properly reported.

**Effect:** Failure to properly void checks timely will overstate program costs. Outstanding checks totaling \$9,190 relative to the Temporary Assistance To Needy Families program were voided at December 31, 1993.

**Recommendation:** The corporation should review all bank reconciliations monthly, and void all checks over three months old if uncashed.

**Response:** See Corrective Action Plan.

**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

For the year ended December 31, 1993

**B. FINDINGS, FINANCIAL STATEMENTS AUDIT - CONTINUED**

**REPORTABLE CONDITIONS - CONTINUED**

**284-2 Intergroup receivables/payables balances**

**Statement of Condition:** The intergroup receivables/payables were not in agreement during the year.

**Criteria:** To assure the accuracy of the financial statements, the intergroup receivables/payables should be reconciled monthly and adjusted accordingly.

**Effect:** The accuracy of the financial statements may be compromised.

**Recommendation:** To assure the accuracy of the financial statements, the intergroup receivables/payables should be reconciled monthly and adjusted accordingly.

**Response:** See Corrective Action Plan.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended December 31, 2000

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS  
ALICE

COMPLIANCE

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Questioned  
Costs

2003-4 Funds passed through Social Community Action, Inc.; Head Start Center Based Program - CFDA No. 91-680; Grant period - year ended December 31, 2000.

**Statement of Condition:** The financial reports to the grantee were not in agreement with the general ledger.

**Criteria:** Financial reports to funding source should be in agreement with a complete and accurate general ledger.

**Effect of Condition:** The grantee reimbursed the organization for costs not incurred.

**Questioned Costs:**

\$ 42,211

**Cause of Condition:** A complete and accurate general ledger was not completed timely.

**Recommendation:** The general ledger should be completed timely and adjusted accordingly in order that the financial reports reflect the actual costs incurred.

**Response:** See Corrective Action Plan

2003-4 Funds passed through Louisiana Housing, Financial Agency, Temporary Assistance To Needy Families - CFDA No. 91-558; Grant period - January 1, 2000 through September 30, 2003.

**Statement of Condition:** The issuer misappropriated assets by fraudulently forging the executive director's signature on vendor checks, skimming vendor files, and forging endorsements of payees.

**Criteria:** The misappropriation of assets violates federal and state laws. The funding sources are responsible for program costs incurred and not employee dishonesty.

**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

For the year ended December 31, 2003

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS**  
**AUDIT CONTINUED**

**COMPLIANCE**

**DEPARTMENT OF HEALTH AND HUMAN RESOURCES**

Questioned  
Costs

**2003-1 Effect of Condition:** The employee theft creates a financial burden on the organization. Besides the actual theft of cash, the organization must review all vendor files to satisfy itself that all checks issued are properly supported. The organization was reimbursed \$50,907 by the insurance company, net of deductible, for employee dishonesty.

**Questioned Costs**

\$ 50,907

**Recommendation:** The corporation should request the financial institutions to return the original checks and not duplicate monthly. The executive director should review all bank statements and cancelled checks monthly to ensure they are not altered.

**Response:** See Corrective Action Plan.

**2003-2 Funds passed through Louisiana Housing Financial Agency, Temporary Assistance To Needy Families - CFTA No. 95-038, Grant period - January 1, 2003 through September 30, 2003.**

**Statement of Condition:** Housing services were provided to families with minor children 18 years of age.

**Criteria:** Housing services should be provided to at-risk households with minor children.

**Effect:** Program costs included families who were not eligible for benefits.

**Population and Sample Size**

	Number	Dollars
Population	497	\$ 107,026
Sample	21	47,036
Not in Compliance	2	4,000

**Questioned Costs**

\$ 4,000

**Cause of Condition:** The families minor children were 18 years of age prior to application date for assistance.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended December 31, 2003

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL ASSESS PROGRAMS  
ALICE - CONTINUED

COMPLIANCE

200-5 CONTINUED

Questioned  
Costs

**Recommendation:** All files should be reviewed by another employee to assure all qualifications and documentation meet program guidelines prior to disbursing of funds.

**Response:** See Corrective Action Plan.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

200.4 Funds passed through Louisiana Housing Financial Agency; Temporary Assistance To Needy Families - CFDA No. 91.558; Grant period -- January 1, 2000 through September 30, 2003.

**Statement of Condition:** A review of participant files for eligibility noted that of the 23 files reviewed did not provide documentation relative to hardship.

**Criteria:** Participants must provide evidence that they are at risk. The documentation guideline states that the participant must provide evidence of an eviction notice or other documentation that they are at-risk.

**Effect:** The program costs may be disallowed by the funding source if participant files are incomplete.

**Questioned Costs:** Not applicable.

**Cause of Condition:** Participant files did not provide adequate documentation relative to hardship.

**Recommendation:** All participant files should be reviewed for completeness and all necessary documentation should be obtained from the participant.

**Response:** See Corrective Action Plan.

200.7 Funds passed through Louisiana Housing Financial Agency; Temporary Assistance To Needy Families - CFDA No. 91.558; Grant period -- January 1, 2000 through September 30, 2003.

**Statement of Condition:** Organization was unable to provide documentation for one participant file.

**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

For the year ended December 31, 2003

**C. FINANCIAL AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS**  
**ALERT - CONTINUED**

**COMPLIANCE**

**DEPARTMENT OF HEALTH AND HUMAN RESOURCES**

Questioned  
Costs

**300-7 CONTINUED**

**Criteria:** Supporting documentation should substantiate all checks issued by the corporation.

**Effect:** Program costs are not allowed if documentation is not available for examination.

**Population and Sample Size**

	<b>Similar</b>	<b>Diverse</b>
Population	497	\$ 793,420
Sample	20	87,880
No in Compliance	1	3,110

**Questioned Costs:** **\$ 3,110**

**Cause of Condition:** Participants file was unorganized.

**Recommendation:** All supporting documentation should be maintained to support all disbursements/checks issued by the corporation.

**Response:** See Corrective Action Plan.

**Total questioned costs - Department of Health  
and Human Resources**

**\$ 3,110**

**REPORTABLE CONDITIONS**  
**ALL PROGRAMS**

**300-2 Cash**

**Condition:** Outstanding checks over three months old are not being voided/timely.

**Criteria:** Old outstanding checks should be voided timely to assure program costs are properly reported.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended December 31, 2003

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL ASSETS PROGRAMS  
AUDIT - CONDENSED

**COMPLIANCE**

**2004-1 CONTINUED**

Questioned  
Costs

**Effect:** Failure to properly void checks timely will overstate program costs. Outstanding checks totaling \$91,199 relative to the Temporary Assistance To Needy Families program were voided as December 31, 2003.

**Recommendation:** The corporation should review all bank reconciliations monthly, and void all checks over three months old if warranted.

**Response:** See Corrective Action Plan.

**2004-2 Intergroup receivables/payables balances**

**Condition:** The intergroup receivables/payables were not in agreement during the year.

**Criteria:** To assure the accuracy of the financial statements, the intergroup receivables/payables should be reconciled monthly and adjusted accordingly.

**Effect:** The accuracy of the financial statements may be compromised.

**Recommendation:** To assure the accuracy of the financial statements, the intergroup receivables/payables should be reconciled monthly and adjusted accordingly.

**Response:** See Corrective Action Plan.

**Total Questioned Costs**

\$ 78,281

**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

*For the year ended December 31, 2003*

**IX. DETAILS OF PRIOR YEAR AUDIT FINDINGS**

There were no prior year audit findings.





**Central City  
Economic Opportunity Corporation**

**"Bold Enough to Lead"**

2020 Jackson Avenue  
New Orleans, LA 70113

**"Strong Enough to Deliver"**

Office: (504) 524-3484  
Fax: (504) 524-6483

Paul Abadie, Esq.  
President

Priscilla Edwards  
Executive Director

King S. Wells, Jr.  
Deputy Director

June 18, 2007

**CORRECTIVE ACTION PLAN**

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT OF REPORTABLE CONDITIONS**

**COMPLIANCE**

**2000-1 Misappropriation of Assets**

**Condition:** The former senior accountant misappropriated assets by fraudulently forging the Executive Director's signature on vendor checks, fabricating vendor files, and forging endorsements of payees.

**Response:** The Accountant has been dismissed and the Corporation has outsourced the accounting. In addition, a claim was filed with the Corporation's insurance company and charges were filed against her with the Police Department.

**REPORTABLE CONDITIONS**

**2000-2 Cash**

**Condition:** Outstanding checks over three months old are not being voided timely.

**Response:** Bank reconciliations will be reviewed monthly and all checks voided after 90 days if warranted.

**2000-3 Intergroup receivables/payables balances**

**Condition:** The intergroup receivables/payables were not in agreement during the year.

**Response:** The outside accounting firm will reconcile all accounts monthly and adjust accordingly. At December 31, 2003, the migrant receivables/payables were in balance.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM/AUDIT COMPLIANCE**

**DEPARTMENT OF HEALTH AND HUMAN RESOURCES**

**2003-4 Funds passed through Tribal Community Action, Inc.: Head Start Center Based**

**Condition:** The financial reports to the grantor were not in agreement with the general ledger.

**Response:** The general ledger will be compiled monthly and financial reports issued from a complete and accurate general ledger. The outside accounting firm will prepare the reports.

**2003-1 Funds passed through Louisiana Housing Financial Agency: Temporary Assistance to Needy Families**

**Condition:** The former Senior Accountant misappropriated assets by fraudulently forging the Executive Director's signature on vendor checks, fabricating vendor files, and forging endorsement of payees.

**Response:** The accountant has been dismissed and the Corporation has resumed the accounting. In addition, a claim was filed with the Corporation's insurance company and charges were filed against her with the Police Department.

**2003-5 Funds passed through Louisiana Housing Financial Agency: Temporary Assistance to Needy Families**

**Condition:** Hearings services were provided to families with minor children 18 year of age.

**Response:** A review of the federal regulations noted the child might be 19 provided he is attending school. Central City SOC will solicit documentation from the participant to substantiate the child's enrollment in school.

**DEPARTMENT OF HEALTH AND HUMAN RESOURCES**

**2003-4 Funds passed through Louisiana Housing Financial Agency: Temporary Assistance to Needy Families**

**Condition:** A review of participant files for eligibility noted three of the 21 files reviewed did not provide documentation relative to handicap.

**Response:** The Corporation will review all files to determine adequate documentation.

**2005-7 Funds passed through Louisiana Housing Financial Agency - Temporary Assistance to Needy Families**

**Condition:** Organization was unable to provide documentation for one participant file.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT**  
**continued**

**2005-7 continued**

**Response:** Central City EOC has instructed staff to locate the missing file.

**REPORTABLE CONDITIONS, ALL PROGRAMS**

**2005-2 Cash**

**Condition:** Outstanding checks over three months old are not being voided timely.

**Response:** Bank reconciliations will be reviewed monthly and all checks voided after 90 days if warranted.

**2005-2 Intergovernmental receivables/payables balances**

**Condition:** The intergovernmental receivables/payables were not in agreement during the year.

**Response:** The outside accounting firm will reconcile all accounts monthly and adjust accordingly. At December 31, 2003, the intergovernmental receivables/payables were in balance.