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**EFFORTS OF GRACE, INC.** 

FINANCIAL STATEMENTS TOGETHER WITH INDEPENDENT ACCOUNTANTS' REPORT

#### FOR THE YEAR ENDED DECEMBER 31, 2003

### (UNAUDITED COMPILATION)

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 8-4-04



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# STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS-CASH BASIS

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Member

American Institute of Certified Public Accountants Society of Louisiana Certified Public Accountants

Michael B. Bruno, CPA Alcide J. Tervalon, Jr., CPA Waldo J. Moret, Jr., CPA Paul K. Andoh, Sr., CPA

# **INDEPENDENT ACCOUNTANTS' REPORT**

To the Board of Directors Efforts of Grace, Inc. New Orleans, Louisiana

We have compiled the accompanying statement of assets, liabilities and net assets—cash basis of **Efforts of Grace, Inc. (EGI)** as of December 31, 2003, and the related statements of revenues, expenses, and changes in net assets— cash basis for the year then ended, in

accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of **EGI**. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

As described in NOTE 2, EGI's policy is to prepare its financial statements on the basis of cash receipts and disbursements; consequently, certain revenue and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the financial statements referred to above are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report, dated June 25, 2004, on the results of our agreed-upon procedures.

Brunot Cenalon LLP

### BRUNO & TERVALON LLP CERTIFIED PUBLIC ACCOUNTANTS

June 25, 2004

4298 ELYSIAN FIELDS AVENUE, NEW ORLEANS, LA 70122 (504) 284-8733 FAX (504) 284-8296 E-MAIL: brunterv@btcpas.com

# EFFORTS OF GRACE, INC. STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS– CASH BASIS DECEMBER 31, 2003

#### ASSETS

Current Assets:	
Cash	\$ 13,453
Account receivable	1,100
Total current assets	<u>14,553</u>
Building, equipment and fixtures	<u>77,400</u>

Total assets



### LIABILITIES AND NET ASSETS

Liabilities:	
Current Liabilities:	
Notes payable on demand	\$ 73,000
Advanced deposits payable	2,415
Total current liabilities	<u>75,415</u>
Net Assets:	
Unrestricted net assets	<u>16,538</u>
Total liabilities and net assets	\$ <u>91,953</u>

### See accountants' report and notes to financial statements.

# EFFORTS OF GRACE, INC. STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS- CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2003

<u>Unrestricted</u>
\$160,842
55,732
64,519
109,190
<u> </u>
<u>390,925</u>

Expenses:	
Contract labor	208,528
Program expenses	33,104
Event costs	37,386
Building expenses	27,551
Supplies	33,948
Travel expenses	14,617
Other expenses	27,240
Interest expense	7,789
Depreciation	<u>_5,000</u>
Total expenses	<u>395,163</u>
Change in net assets	(4,238)
Net assets-beginning of year	<u>_20,776</u>
Net assets-ending of year	\$ <u>16,538</u>

### See accountants' reports and notes to financial statements.

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## **EFFORTS OF GRACE, INC.** NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 1 - <u>Nature of Operation</u>:

**Efforts of Grace, Inc. (EGI)** was organized exclusively for religious, charitable and educational purposes, including, the making of distribution to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Cods of 1954 (or the corresponding provision of any future United State Internal Revenue Law). One of the most visible aspects of **EGI** is the operation of Ashe' Cultural Arts Center (Ashe'). Ashe' was created in 1993 for the purposes of producing, creating and encouraging art, images and performances by and about African-Americans that emphasize their powerful contributions to the welfare of the community.

### NOTE 2 - <u>Summary of Significant Accounting Policies</u>:

### Basis of Accounting

The financial statements of **EGI** have been prepared on the cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles.

#### Use of Estimates

In preparing financial statements, management uses estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at 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.

#### Income Taxes

**EGI** is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the financial statements.

# **EFFORTS OF GRACE, INC.** NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

#### NOTE 2 - <u>Summary of Significant Accounting Policies</u>, Continued:

#### **Building**, Equipment and Fixtures

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Building, equipment and fixtures are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

#### **Revenues and Support Recognition**

Revenues received under government grant programs are recognized when

received. Contributions are recognized as revenue when they are received. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

NOTE 3 - Building, Equipment and Fixtures:

Building, equipment, and fixtures consisted of the following at December 31, 2003:

Land and buildings	\$ 60,000
Equipment	15,400
Fixtures	12,000
	87,400
Less accumulated depreciation	<u>(10,000</u> )
Total	\$ <u>77,400</u>

# **EFFORTS OF GRACE, INC.** NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

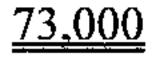
#### NOTE 4 - <u>Notes Payable</u>:

A summary of notes payable as of December 31, 2003 is as follows:

8% note payable to a mortgage corporation in varying \$60,000 monthly installments of interest only and balloon payment of principal, payable on demand, secured by real estate.

4% note payable to a bank in varying monthly installments 10,000 of interest only and balloon payment of principal, payable on demand, unsecured

Non-interest bearing note payable to a member of the Board 3,000 of Directors, payable on demand.



### NOTE 5 - <u>Commitments and Contingencies</u>:

Rental expense resulting from a facility operating lease approximates \$11,979 per year. The contract agreement is under a non-cancelable operating lease, which expires in 2004.

EGI has entered into contractual arrangements with certain individuals to provide operational assistance, tutorial, self-development, and recreational assistance. Such contracts are generally for six(6) to twelve(12) month periods.

EGI is a recipient of grants from Federal and State funds. These grants are governed by various Federal and State guidelines, regulations, and contractual agreements. Also, EGI is a recipient of grants from private organizations.

# **EFFORTS OF GRACE, INC.** NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

#### NOTE 5 - <u>Commitments and Contingencies</u>, Continued:

The administration of the programs and activities funded by these grants is under the control and administration of **EGI** and is subject to audit and/or review by the applicable funding sources. Any grant or award funds found not to be properly spent in accordance with the terms, conditions, and regulations of the funding sources may be subject to recapture.

At December 31, 2003, approximately forty-one percent (41%) of EGI operating revenues was derived from grants.

#### NOTE 6 - <u>Risk Management</u>:

EGI is exposed to various risk of loss related to torts, theft, or damage to and destruction of assets for which EGI is insured under commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

### NOTE 7 - <u>Concentration of Credit Risk</u>:

EGI maintains cash balances at local banks. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000.

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# **EFFORTS OF GRACE, INC.**

# INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

# FOR THE YEAR ENDED DECEMBER 31, 2003



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 SCHEDULE REQUIRED BY STATE LAW

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American Institute of Certified Public Accountants Society of Louisiana Certified Public Accountants

Michael B. Bruno, CPA Alcide J. Tervalon, Jr., CPA Waldo J. Moret, Jr., CPA Paul K. Andoh, Sr., CPA

# **INDEPENDENT ACCOUNTANTS' REPORT** ON **APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of Efforts of Grace, Inc.

We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of Efforts of Grace, Inc. (EGI), the Legislative Auditor, State of Louisiana, and applicable state grantor agencies solely to assist the users in evaluating management's assertions about EGI's compliance with certain laws and regulations during the year ended December 31, 2003 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing* Standards. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

#### Federal, State, and Local Awards

1. Determine the amount of Federal, state, and local award expenditures for the fiscal year, by grant and grant year.

> 4298 ELYSIAN FIELDS AVENUE, NEW ORLEANS, LA 70122 (504) 284-8733 FAX (504) 284-8296 E-MAIL: brunterv@btcpas.com

Federal, State, and Local Awards, Continued

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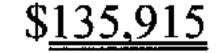
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EGI's Federal and state award expenditures for the fiscal year follow:

<u>Federal Grant Name</u> Office of Family Support-	<u>Grant Year</u> July 1, 2002 -	<u>CFDA No.</u>	<u>Amount</u>
Head Start	June 30, 2003	93.600	\$ <u>5,224</u>
		Public	
State Grant Name	Grant Year	Voucher No	<u>Amount</u>
Department of Treasury-	July 1, 2003 -	DV0000421	<u> </u>
Act 14	June 30, 2004	PVQ0000421	\$ <u>17,875</u>
Office of Cultural			
Development-	July 1, 2003 -		
Orgins of Life	June 30, 2004	PVQ00003383	3,555
	June 1, 2002 -		
National Spirit Suite	July 31, 2002 -	PV00003177	1,675
Artist Director's	Sept 1, 2003 -		
Grants in Aid	June 30, 2004	PVQ100003396	750
Total - Office of			
Cultural Development			5,980
•			
Office of Secretary-	July 1, 2003 -		
LA Spirit	June 30, 2004	PO26104601370	<u>    77,219</u>
Governor's Office of			
Urban Affair &	Nov 1, 2002 -		
Development	July 31, 2003	PO130003592684	<u>34,841</u>

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### Total state award expenditures





#### Federal, State, and Local Awards, Continued

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- 2. For each Federal, state, and local award, we randomly selected six (6) disbursements from each award administered during the period under examination, provided that no more than 30 disbursements would be selected.
- 3. For the items selected in procedure 2, we traced the six (6) disbursements to supporting documentation as to proper amount and payee.

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee, with the exception of one disbursement, check no. 671 for \$2,800 on which supporting document for \$131 could not be located.

Management Response:

Agreed with the finding. Our traveling ensemble will be required to maintain better documentation of receipts and invoices. They will be required to log all expenses and save the documentation.

4. For the items selected in procedures 2, we determined if the six (6) disbursements were properly coded to the correct fund and general ledger account.

All of the (6) payments were properly coded to the correct fund and general ledger account.

5. For the items selected in procedure 2, we determined whether the six (6) disbursements received approval from proper authorities.

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Inspection of documentation supporting each of the six (6) selected disbursements indicated approvals from the president of **EGI** and in some instances, by the full board.



#### Federal, State, and Local Awards, Continued

6. For the items selected in procedure 2: For federal awards, we determined whether the disbursements compiled with the applicable specific program compliance requirements summarized in *the Compliance Supplement* and for state and local awards, we determined whether the disbursements compiled with the grant agreement, relating to:

Activities allowed or unallowed

We reviewed the previously listed disbursements for types of services allowed or not allowed. All disbursements were authorized in the budgets of the award

contracts and were allowed without exception.

Eligibility

We reviewed the previously listed disbursements for eligibility requirements. EGI compiled with eligibility requirements in all material respects.

Reporting

We reviewed the previously listed disbursements for reporting requirements. EGI compiled with reporting requirements in all material respects.

7. For the programs selected for testing in item (2) that had been closed out during the period under review, we compared the closed-out report, when required, with the **EGI's** financial records to determine whether the amounts agree.

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The six disbursements selected included one state program that was closed out during the period of our review. We compared the close-out reports for the state program with the EGI's financial records. The amounts reported on the close-out reports agreed to the EGI's financial records in total; however, individual line items differed.



#### Meetings

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8. We examined evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

**EGI** is only required to post a notice of each meeting and the accompanying agenda on the door of **EGI's** office building. We reviewed copies of the meeting agendas previously posted on the door of the office building.

### Comprehensive Budget

9. For all grants exceeding five thousand dollars, we determined that each applicable federal, state, or local grantor agency/agency was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

EGI provided comprehensive budgets to the applicable state grantor agencies for the programs mentioned previously. These budgets specified the anticipated uses of the funds, estimates of the duration of the projects, and plans showing specific goals and objectives that included measures of performance.

### **Prior Comments and Recommendations**

10. There were no prior year comments and recommendations for reviews since the year ended December 31, 2003 was the initial year.



We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of EGI, the Legislative Auditor, State of Louisiana, and the applicable state grantor agencies and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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BRUNO & TERVALON LLP CERTIFIED PUBLIC ACCOUNTANTS

June 25, 2004

Bruno & Tervalon LLP Certified Public Accountants

# LOUISIANA ATTESTATION QUESTIONNAIRE (For Attestation Engagements of Quasi-public Entities)

(Date Transmitted) reme Q (Auditors)

In connection with your compilation of our financial statements as of

 $\frac{2/31/03}{2}$  and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representation).

#### Federal, State, and Local Awards

We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes M No []

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

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Yes [1 No [ ]

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

**Open Meetings** 

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

#### Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

#### **Prior Year Comments**

We have resolved all prior-year recommendations and/or comments.

Yes [ No [ ]

Yes [4 No [ ]

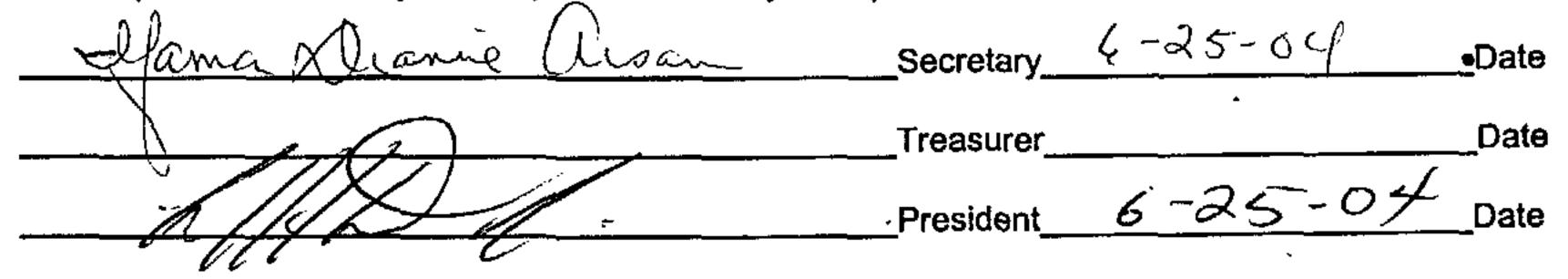
Yes [M No []

Yes[] No[]

No Prin Yen audit.

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.



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