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**ALGIERS ENTERPRISE COMMUNITY COUNCIL, INC.  
(A NON-PROFIT CORPORATION)**

**INDEPENDENT ACCOUNTANTS' REPORT  
AND  
COMPILED FINANCIAL STATEMENTS**

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

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 9-8-04

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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  
**Algiers Enterprise Community Council, Inc.**  
New Orleans, Louisiana

We have compiled the accompanying statements of financial position of the **Algiers Enterprise Community Council, Inc. (the Council)** (a non-profit corporation) as of December 31, 2003 and the related statement of activities and cash flows 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 management. 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.

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

August 4, 2004

**ALGIERS ENTERPRISE COMMUNITY COUNCIL, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2003**

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**ASSETS**

Cash and cash equivalents (NOTE 2)	\$ 1,450
Grant receivable (NOTE 5)	6,350
Due from Internal Revenue Service (NOTE 9)	<u>7,831</u>
 Total assets	 <u>\$15,631</u>

**LIABILITIES AND NET ASSETS**

Liabilities (NOTE 6):	
Accounts payable	\$15,723
Payroll taxes payable	<u>2,687</u>
 Total liabilities	 <u>18,410</u>
 Contingencies (NOTE 8)	
Net Assets (NOTE 2):	
Unrestricted net assets	<u>(2,779)</u>
 Total net assets	 <u>(2,779)</u>
 Total liabilities and net assets	 <u>\$15,631</u>

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

**ALGIERS ENTERPRISE COMMUNITY COUNCIL, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

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<u>Revenues and Other Support</u>	
Grants (NOTE 7)	\$ 61,418
Contribution (NOTE 2)	40,000
Miscellaneous	<u>1,423</u>
 Total revenues and other support	 <u>102,841</u>
 <u>Expenses</u>	
Program services	61,419
Support services	<u>33,073</u>
 Total expenses	 <u>94,492</u>
 Change in net assets	 8,349
 Net assets, beginning of year	 <u>(11,128)</u>
 Net assets, end of year	 <u>\$ (2,779)</u>

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

**ALGIERS ENTERPRISES COMMUNITY COUNCIL, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

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<u>Cash Flows from Operating Activities</u>	
Change in net assets	\$ 8,349
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
(Increase)/decrease in:	
Grant receivable	(3,789)
Employee receivable	5,850
Other receivable	(7,831)
Increase(decrease) in:	
Accounts payable	5,972
Payroll taxes payable	(13,200)
Due to others	<u>(1,021)</u>
Net cash used in operating activities	<u>(5,670)</u>
Net decrease in cash and cash equivalents	<u>(5,670)</u>
Cash and cash equivalent, January 1, 2003	<u>7,120</u>
Cash and cash equivalents, December 31, 2003	<u>\$ 1,450</u>

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

**ALGIERS ENTERPRISE COMMUNITY COUNCIL, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

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NOTE 1 - Organization:

The **Algiers Enterprise Community Council, Inc. (the Council)** was formed on February 26, 1996 as a non-profit organization to provide services in emergency housing, educational and vocational training, health care services, transportation services, and other related economic development programs within Orleans Parish and the State of Louisiana. Also, **the Council** was organized to provide assistance and educational material with respect to the development, operation and maintenance of affordable, safe, sanitary and decent housing.

NOTE 2 - Summary of Significant Accounting Policies:

Basis of Accounting

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

Basis of Reporting

**The Council** has adopted SFAS No. 117 which established standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories (i.e. unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) accordingly to externally (donor) imposed restrictions.

**ALGIERS ENTERPRISE COMMUNITY COUNCIL, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2 - Summary of Significant Accounting Policies, Continued:

Basis of Reporting, Continued

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

Unrestricted net assets include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of **the Council** are included in this category. **The Council** has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of **the Council**, and therefore, **the Council's** policy is to record these net 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 be made available for program operations in accordance with the donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor imposed restrictions.

At December 31, 2003 **the Council** did not have any temporarily or permanently restricted net assets.



**ALGIERS ENTERPRISE COMMUNITY COUNCIL, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2 - Summary of Significant Accounting Policies, Continued:

Support and Revenues

Revenues received under government programs are recognized when earned.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 activities as net assets released from restrictions.

Functional Allocation of Expenses

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

Cash and Cash Equivalents

Cash consist solely of demand deposits and a money market account that is secured by federal deposit insurance. All highly liquid debt instruments purchased with an original maturity of three (3) months or less are considered to be cash equivalents for purposes of the statement of cash flows.

**ALGIERS ENTERPRISE COMMUNITY COUNCIL, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 3 - Fair Value of Financial Instruments:

The estimated fair value of all significant financial amounts have been determined by **the Council** using available market information and appropriate valuation methodologies. **The Council** considers the carrying amounts of cash and cash equivalents, and accounts receivable to be the fair value.

NOTE 4 - Income Taxes:

**The Council** is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code. As of the report date, **the Council** has filed its final 990 tax return for the year end December 31, 2003.

NOTE 5 - Grant Receivable:

Grant receivable consists of the following as of December 31, 2003:

City of New Orleans

Emergency Shelter Grant	\$ <u>6,350</u>
Total grant receivables	\$ <u>6,350</u>

As of the report date, **the Council** has received the total grant receivable.

NOTE 6 - Liabilities:

Liabilities primarily consist of amounts due to various vendors, rent, professional service contracts and federal and state payroll taxes in the amount of \$18,410. As of the report date, **the Council** has liquidated approximately \$10,210 of the total liabilities.

**ALGIERS ENTERPRISE COMMUNITY COUNCIL, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 7 - Summary of Grant Revenue:

**The Council** was primarily funded through the following grants for the period January 1, 2003 through December 31, 2003:

<u>Funding Source</u>	<u>Grant Period</u>	<u>Revenue</u>
<u>City of New Orleans:</u>		
Emergency Shelter Grant	01/01/03 - 12/31/03	\$15,880
<u>State of Louisiana:</u>		
Louisiana Commission of Law Enforcement	10/01/02 - 09/30/03	<u>45,538</u>
Total Grant Revenue		<u>\$61,418</u>

NOTE 8 - Contingencies:

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

**ALGIERS ENTERPRISE COMMUNITY COUNCIL, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 9 - Due From Internal Revenue Service:

During the year, certain penalties and interest were paid by **the Council** of approximately \$26,722 for the late submission of its 1999 through 2002, 990 tax returns and previous 941 obligations. The penalties and interest were subsequently abated for approximately \$7,831 of which \$4,597 was received by **the Council** subsequent to year end. The remaining balance of \$3,234 has not been collected as of the report date. However, the amount is deemed collectible by management of **the Council**. These funds will be utilized by **the Council** to liquidate outstanding liabilities as of December 31, 2003.

NOTE 10 - Going Concern:

As a result of the continued losses experienced by **the Council**, the inability of **the Council** to pay debts timely and the Board of Directors decision not to seek State or Federal funds subsequent to year end, **the Council** has decided to discontinue to provide services in emergency housing, educational and vocational training and other related economic development programs within Orleans Parish and the State of Louisiana.

As a result of these actions, management of **the Council** plans to discontinue operations subsequent to December 31, 2003.

## **SUPPLEMENTARY INFORMATION**

**ALGIERS ENTERPRISE COMMUNITY COUNCIL, INC.**  
**SUPPLEMENTAL SCHEDULE OF EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

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	<u>PROGRAM SERVICES</u>	<u>SUPPORT SERVICES</u>	<u>TOTAL EXPENSE</u>
<u>Expenses</u>			
Salaries, wages and related taxes	\$ 45,538	\$ 4,222	\$ 49,760
Professional fees	7,000	4,889	11,889
Bank charges	77	469	546
Postage	-0-	37	37
Office supplies	655	320	975
Miscellaneous	231	-0-	231
Rent and leases	186	-0-	186
Rent	4,956	-0-	4,956
Telephone	2,776	1,189	3,965
Bad debt	-0-	3,056	3,056
Interest and penalties	<u>-0-</u>	<u>18,891</u>	<u>18,891</u>
Total expenses	<u>\$ 61,419</u>	<u>\$ 33,073</u>	<u>\$ 94,492</u>

See the Independent Accountants' Report on Supplemental Information.

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**ALGIERS ENTERPRISE COMMUNITY COUNCIL, INC.**

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

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

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

To the Board of Directors  
**Algiers Enterprise Community Council, Inc.**  
New Orleans, Louisiana

We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of the **Algiers Enterprise Community Council, Inc. (the Council)**, the Legislative Auditor, and State of Louisiana solely to assist the users in evaluating management's assertions about **the Council** 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. 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. The Federal, state and local programs for the fiscal year are as follows:

<u>Grant Name</u>	<u>Grant Year</u>	<u>Contract Number</u>	<u>Amount</u>
City of New Orleans: Emergency Shelter Grant	01/01/03-12/31/03	ESG-018A	\$ 15,880
State of Louisiana: Louisiana Commission of Law Enforcement	10/01/02-09/30/03	CO2-9-002	<u>45,538</u>
Total expenditures			<u>\$ 61,418</u>

**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES, CONTINUED**

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***Federal, State and Local Awards, Continued***

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 thirty (30) disbursements would be selected.
3. For the items selected in procedure 2, we traced the six (6) disbursements from each award to supporting documentation as to proper amount and payee.

Five (5) out of twelve (12) disbursements were traced to supporting documentation as to proper amount and payee. One (1) out of twelve (12) disbursements were not supported with an invoice and six (6) out of twelve (12) payroll disbursements were not supported with timesheets and personnel action forms.

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

The six (6) payments from each award 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 from each award received approval from proper authorities.

Inspection of documentation supporting each of the six (6) selected disbursements from each award indicated approvals from the Chairperson and the Financial Secretary.

6. For the items selected in procedure 2, for Federal awards, we determined whether the disbursements complied with the applicable specific program compliance requirements summarized in the *Compliance Supplement* (or contained in the grant agreement, if the program is not included in the Compliance Supplement) and for state and local awards, we determined whether the disbursements complied with the grant agreement, relating to:

**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES, CONTINUED**

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***Activities Allowed or Unallowed***

We reviewed the previously noted disbursements for types of services allowed or not allowed and noted the services did comply with the allowability requirements.

***Eligibility***

We reviewed the detailed general ledger and determined that there were no disbursements made to individuals that were required to be in accordance with the federal eligibility requirement.

***Reporting***

We reviewed the previously listed disbursements for reporting requirements and determined that such disbursements agreed to the request for reimbursement of funds submitted to the funding source.

7. For the programs selected for testing in item (2), we compared the close-out reports with the financial records. The amounts reported on the close-out reports agreed to the financial records.

***Meetings***

8. We were provided with 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 meeting law).

**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES, CONTINUED**

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***Comprehensive Budget***

9. For all grants exceeding five thousand dollars, we determined that each applicable federal, state, or local grantor agency/agencies 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.

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

***Prior Comments and Recommendations***

We reviewed prior year suggestions, recommendations, and/or comments and determined the extent to which such matters have been resolved. See status of prior year management letter comments.

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. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. We did however submit to management other comments in a separate letter dated August 4, 2004.

**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES, CONTINUED**

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This report is intended solely for the information and use of management of the **Algiers Enterprise Community Council, Inc.**, and the Legislative Auditor and is not intended to be 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.

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

August 4, 2004

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

August 23, 2004

Bruno & Tervalon LLP CPAs  
4298 Elysian Fields Ave.  
New Orleans, LA. 70122

In connection with your compilation of our financial statements as of December 31, 2003 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 August 4, 2004.

**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.

Yes  No

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  No

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

Yes  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.

Yes  No

**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).

Yes  No

**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

Yes  No

**Prior Year Comments**

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

Yes  No

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.

Executive Director:   
Algiers Enterprise Community Council, Inc

Date: 8/23/04



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Alcide J. Tervalon, Jr., CPA  
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Paul K. Andoh, Sr., CPA

## **INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**

To the Board of Directors  
**Algiers Enterprise Community Council, Inc.**  
New Orleans, Louisiana

We have compiled the financial statements of **Algiers Enterprise Community Council, Inc. (the Council)** for the year ended December 31, 2003, and have issued our report thereon dated August 4, 2004.

In applying agreed-upon procedures, we became aware of several matters that are opportunities for strengthening internal control and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. Also, we have reviewed Management's Corrective Action Plan with regard to our December 31, 2002 management letter comments. The current status of the December 31, 2002 conditions have been summarized in the accompanying memorandum.

This letter does not affect our report dated August 4, 2004 on the financial statements of **the Council**.

This report is intended solely for the information and use of the Board of Directors, and management and is not intended to be and should not be used by anyone other than these specified parties.



**INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**  
**(CONTINUED)**

To the Board of Directors  
**Algiers Enterprise Community Council, Inc.**  
New Orleans, Louisiana

We will review the status of these comments during our next engagement. We have already discussed many of these comments and suggestions with appropriate personnel of **the Council**, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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

August 4, 2004

**ALGIERS ENTERPRISE COMMUNITY COUNCIL, INC.**  
**CURRENT YEAR MANAGEMENT LETTER COMMENTS**

---

**03 - 1 Untimely Compilation/Attestation Report**

Pursuant to Louisiana Revised Statute (LSA-RS) 24:513, compilation/attestation engagements are required to be submitted to the Legislative Auditor within six (6) months of close of the entity's fiscal year end. Because of the timing of the engagement, the reports were not issued by the statutory due date.

**The Council** has made plans to discontinue operations subsequent to December 31, 2003. As such, no recommendation is required.

**03 - 2 Employee Receivables**

We noted during our attestation engagement that management of **the Council** was unable to reconcile the employee receivable account due to misclassifications in the general ledger in the current and prior year. As of the end of our fieldwork, management was unable to reconcile the account. As such, the receivable balance in the amount of \$3,056 was written off as a bad debt expense as of December 31, 2003.

The management of **the Council** plans to discontinue operations subsequent to December 31, 2003. As such, no recommendation is required.

**ALGIERS ENTERPRISE COMMUNITY COUNCIL, INC.**  
**CURRENT YEAR MANAGEMENT LETTER COMMENTS, CONTINUED**

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**03 - 3 Payroll Tax Deposits**

We noted during our attestation engagement of **the Council** that management did not make timely payroll tax deposits throughout the year. As such, **the Council** have incurred interest and penalties due to the failure to make timely tax deposits. The IRS and State regulations require the timely deposit of payroll taxes within established thresholds.

As of the report date, all payroll tax liabilities were liquidated. No recommendation required as **the Council** is in the process of liquidation.

**03 - 4 Insurance**

We noted during our attestation engagement that **the Council** did not maintain insurance coverage during the fiscal year as required by the City of New Orleans - Emergency Shelter Program.

Although **the Council** has made plans to discontinue operations subsequent to December 31, 2003, we recommend that management of **the Council** take immediate steps to determine whether or not any action by the funding agency based on **the Council** not acquiring insurance coverage will result in any liabilities.

**ALGIERS ENTERPRISE COMMUNITY COUNCIL, INC.**  
**CURRENT YEAR MANAGEMENT LETTER COMMENTS, CONTINUED**

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**03 - 5 Grants**

We noted during our attestation engagement that revenues and expenses for the *Louisiana Commission of Law Enforcement* grant were not maintained on the accrual basis. As such, revenues and expenses were not properly reported on an accrual basis in the financial statements for the period ended December 31, 2003. Generally Accepted Accounting Principles (GAAP) requires the financial statements be prepared on the accrual basis.

Although the revenues and expenses were not reported on an accrual basis for the program in the financial statements, the final expenditure report submitted to the funding agency agreed to the financial statements. **The Council** has made plans to discontinued operations subsequent to December 31, 2003. As such, no recommendation necessary.

**ALGIERS ENTERPRISE COMMUNITY COUNCIL, INC.**  
**STATUS OF PRIOR YEAR MANAGEMENT LETTER COMMENTS**

---

**02 - 1 Due From Employees**

We recommended that management of **the Council** adhere to established procedures regarding advances and reimbursement to employees.

**Current Status**

Unresolved. See current management letter comment 03-1.

**02 - 2 Fixed Assets**

We recommended that management develop a fixed assets capitalization policy.

**Current Status**

Resolved.

**02 - 3 Grants**

We recommended that management of **the Council** adhere to established procedures regarding recording transactions on an accrual basis.

**Current Status**

Unresolved. See current year management letter comment 03-4.

**ALGIERS ENTERPRISE COMMUNITY COUNCIL, INC.**  
**STATUS OF PRIOR YEAR MANAGEMENT LETTER COMMENTS, CONTINUED**

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**02 -4 Payroll Tax Deposits**

We recommended that management of **the Council** make timely tax deposits in accordance with the IRS and State regulations.

**Current Status**

Unresolved. See current management letter comment 03-2.

**02 - 5 Financial Management**

We recommended that management of **the Council** implement proper budget and financial management procedures as well as generate general operating funds to avoid deficits. We also recommended that financial statements be prepared on a timely basis, preferably monthly but no less than quarterly, and be reviewed with the Board of Directors. Minutes of meetings of the Board of Directors should reflect evidence of such a discussion.

**Current Status**

Unresolved. As a result of continued losses experienced by **the Council**, management has made plans to discontinue operations subsequent to December 31, 2003. As of the report date, **the Council** has liquidated most of the outstanding liabilities as of December 31, 2003.

**ALGIERS ENTERPRISE COMMUNITY COUNCIL, INC.**  
**STATUS OF PRIOR YEAR MANAGEMENT LETTER COMMENTS, CONTINUED**

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**02 - 6 Insurance**

We recommended that management of **the Council** acquire insurance coverage to reduce the risk of loss due to the theft, damage to or destruction of assets, errors and omissions and natural disasters.

**Current Status**

Unresolved. See current year management letter comment 03-3.

**02 -7 Budget**

We recommended that management of **the Council** adhere to the State of Louisiana Department of Education Agreement for the Temporary Assistance for Needy Families (TANF) program budget requirements to ensure compliance with the rules and regulations of the program. We also recommended that **the Council** issue Form 1099 for individuals receiving payment of \$600 or more during the course of the calendar year.

**Current Status**

Partially resolved. **The Council** did not file a Form 1099 for an independent contractor receiving approximately \$2,800 during the year.

**ALGIERS ENTERPRISE COMMUNITY COUNCIL, INC.**  
**STATUS OF PRIOR YEAR MANAGEMENT LETTER COMMENTS, CONTINUED**

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**02 -8 Contracts and Allowable Costs**

We recommended that management of **the Council** establish procedures to ensure that contracts and written agreements are obtained from independent contractors for services rendered and adhere to allowable cost principles. We also recommended that employee not be hired as independent contractors as the same time as having employee status.

**Current Status**

Resolved.

**02 -9 Claims Reimbursement Form**

We recommended that management of **the Council** adhere to the reporting requirements for the TANF program stipulated in the cooperative agreement to ensure compliance with the rules and regulations of the program.

**Current Status**

Resolved.



# *Algiers Enterprise Community Council, Inc.*

Reverend Percy Howard, Chairperson  
Barbara F. D. Foundas, Co-Chairperson  
Maufice Mondell, Secretary

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Phone 504-366-2267  
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TO: Bruno & Tervalon LLP CPAs

FROM: The Board of Directors  
Algiers Enterprise Community Council, Inc.

RE: Response to Independent Auditors' Comments to Management dated  
August 4, 2004

DATE: August 23, 2004

Gentlemen:

Please accept this communication as our response to your comments to management in connection with your agreed-upon procedures engagement of Algiers Enterprise Community Council, Inc. for the year ended December 31, 2003. The responses coincide with the numbered findings in your report.

## **Current Year Management Letter Response**

### **03-1 Untimely Compilation/Attestation Report**

The Council recognizes the importance of adhering to the Louisiana Revised Statute (LSA-RS) 24:513. Due to the untimely reimbursement of funds from our funding agencies, we were unable to timely engage the independent auditors to perform the compilation/attestation engagement.

### **03-2 Employee Receivables**

The Council has collected the amounts due from the employees as of December 31, 2003. However, the Independent Accountant contracted to perform the monthly compilation failed to reconcile the employees account. The Council believes there are no outstanding receivables due from the employees as of the report date. As such, the Council agreed to write off the remaining balance as of December 31, 2003.

**03-3 Payroll Tax Deposits**

The Council recognizes the importance of making timely tax deposits. However, the Council was not able to correct such matters due to the untimely reimbursement of funds for the funding agencies. As of the report date, all payroll liabilities were liquidated.

**03-4 Insurance**

The Council recognizes the importance of acquiring insurance for the agency. The Council failed to renew the insurance policy due to turnover in management personnel. The management of the Council contacted the City of New Orleans and was informed that there were no outstanding insurance liabilities as of the report date.

**03-5 Grants**

In the previous year, the Council discussed with the independent accountant the importance of maintaining the accounting records on an accrual basis. However, the independent accountant failed to record the information on an accrual basis based on the financial information provided during the period ended December 31, 2003. The Council has discontinued operations as of December 31, 2003. The final report submitted to the funding agency contained accurate financial information and agreed to the financial statements for the program.

**Agreed Upon Procedures Management Response**

**Supporting Documentation**

The Council has made several attempts to locate the noted invoice and payroll supporting documentation. However, the information could not be located due to the miss filing of the documents. During the fiscal year, the Council submitted the noted information to the funding agencies to perform their monitoring review. No exceptions were noted. As of the report date, there are no outstanding liabilities as of the result of the missing documents.

We hope that the above corrective action plan satisfy the comments in your report dated August 4, 2004. If there are any comments or questions, please do not hesitate to contact

ms.

Ms. Sylvia Diggs

