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GATEKEEPERS, INC.
(For State and Local Awards)

FINANCIAL STATEMENTS

For the Period 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 9.1.04

GATEKEEPERS, INC.
(For State and Local Awards)
DECEMBER 31, 2003

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ERNEST J. FOLSE III, C.P.A.

A PROFESSIONAL ACCOUNTING CORPORATION

CERTIFIED PUBLIC ACCOUNTANT

To the Board of Directors
Gatekeepers, Inc.
6030 St. Claude Avenue
New Orleans, Louisiana 70117

I have compiled the accompanying statement of financial position of Gatekeepers, Inc. (a nonprofit organization) for state and local awards as of December 31, 2003, and the related statements of activities, functional expenses, 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. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.



Ernest J. Folse III
Certified Public Accountant
March 31, 2004

GATEKEEPERS, INC. (FOR STATE AND LOCAL AWARDS)
 STATEMENT OF FINANCIAL POSITION
 DECEMBER 31, 2003

| ASSETS | LSED AWARD # 601 | LSED AWARD # 725 | LSED AWARD # 806 | LSED AWARD Capital Outlay | TANF AWARD |
|-----------------------------------|------------------------|---------------------|---------------------|------------------------------|----------------------|
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | \$ <u>(\$1,285.58)</u> | \$ <u>(\$6.84)</u> | \$ <u>(\$9.28)</u> | \$ <u>\$0.00</u> | \$ <u>\$5,056.91</u> |
| TOTAL CURRENT ASSETS | | | | | |
| TOTAL ASSETS | \$ <u>(\$1,285.58)</u> | \$ <u>(\$6.84)</u> | \$ <u>(\$9.28)</u> | \$ <u>\$0.00</u> | \$ <u>\$5,056.91</u> |
| LIABILITIES AND NET ASSETS | | | | | |
| CURRENT LIABILITIES | | | | | |
| Deferred grant revenue | \$ <u>-----</u> | \$ <u>-----</u> | \$ <u>-----</u> | \$ <u>-----</u> | \$ <u>-----</u> |
| Accrued other expenses | <u>-----</u> | <u>-----</u> | <u>-----</u> | <u>-----</u> | <u>4,741.13</u> |
| TOTAL CURRENT LIABILITIES | 0.00 | 0.00 | 0.00 | 0.00 | 4,741.13 |
| TOTAL LIABILITIES | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>4,741.13</u> |
| NET ASSETS | | | | | |
| Begining balance of net assets | <u>-----</u> | <u>-----</u> | <u>-----</u> | <u>-----</u> | <u>(3,811.56)</u> |
| Increase/(Decrease) in net assets | <u>(1,285.58)</u> | <u>(6.84)</u> | <u>(9.28)</u> | <u>-----</u> | <u>4,127.34</u> |
| TOTAL NET ASSETS | <u>(1,285.58)</u> | <u>(6.84)</u> | <u>(9.28)</u> | <u>0.00</u> | <u>315.78</u> |
| TOTAL LIABILITIES AND NET ASSETS | \$ <u>(\$1,285.58)</u> | \$ <u>(\$6.84)</u> | \$ <u>(\$9.28)</u> | \$ <u>\$0.00</u> | \$ <u>\$5,056.91</u> |

The accompanying notes are an integral part of this statement.

GATEKEEPERS, INC. (FOR STATE AND LOCAL AWARDS)
 STATEMENT OF ACTIVITIES
 FOR THE PERIOD ENDED DECEMBER 31, 2003

| | LSED AWARD # 601 | LSED AWARD # 725 | LSED AWARD # 806 | LSED AWARD Capital Outlay | TANF AWARD |
|---|---------------------|---------------------|---------------------|------------------------------|--------------|
| OPERATING REVENUE AND OTHER SUPPORT AWARD/GRANT | \$ 15,833.33 | \$ 30,923.54 | \$ 2,205.12 | \$ 100,000.00 | \$ 92,751.76 |
| TOTAL OPERATING REVENUE AND OTHER SUPPORT | 15,833.33 | 30,923.54 | 2,205.12 | 100,000.00 | 92,751.76 |
| OPERATING EXPENSES | | | | | |
| Program services | 16,470.73 | 30,930.38 | 2,248.32 | 100,000.00 | 79,138.34 |
| Supporting services | | | | | |
| Management and general | 648.18 | | | | 9,520.00 |
| TOTAL EXPENSES | 17,118.91 | 30,930.38 | 2,248.32 | 100,000.00 | 88,658.34 |
| CHANGE IN NET ASSETS FROM OPERATIONS | | | | | |
| OTHER CHANGES | | | | | |
| Interest/Program Income | | | 33.92 | | 33.92 |
| TOTAL OTHER CHANGES | 0.00 | 0.00 | 33.92 | 0.00 | 33.92 |
| INCREASE (DECREASE) IN NET ASSETS | (1,285.58) | (6.84) | (9.28) | 0.00 | 4,127.34 |
| NET ASSETS AT BEGINNING OF YEAR | | | | | (3,811.56) |
| NET ASSETS AT END OF YEAR | (1,285.58) | (6.84) | (9.28) | 0.00 | 315.78 |

The accompanying notes are an integral part of this statement.

GATEKEEPERS, INC. (FOR STATE AND LOCAL AWARDS)
 STATEMENT OF FUNCTIONAL EXPENSES (AWARD #601)
 FOR THE PERIOD ENDED DECEMBER 31, 2003

| | Program Services Louisiana Stadium & Exposition District | Supporting Services Louisiana Stadium & Exposition District | Total |
|----------------------|---|--|----------------------------|
| Contractual services | \$ ----- | \$ ----- | \$ 0.00 |
| Supplies | 10,506.36 | ----- | 10,506.36 |
| Utilities | ----- | ----- | 0.00 |
| Equipment | 6,612.55 | ----- | 6,612.55 |
| Total | \$ <u>17,118.91</u> | \$ <u>0.00</u> | \$ <u>17,118.91</u> |

The accompanying notes are an integral part of this statement.

GATEKEEPERS, INC. (FOR STATE AND LOCAL AWARDS)
 STATEMENT OF FUNCTIONAL EXPENSES (AWARD #725)
 FOR THE PERIOD ENDED DECEMBER 31, 2003

| | Program Services Louisiana Stadium & Exposition District | Supporting Services Louisiana Stadium & Exposition District | Total |
|----------------------|---|--|---------------------|
| Contractual services | \$ 23,754.12 | \$ ----- | \$ 23,754.12 |
| Permit | ----- | ----- | 0.00 |
| Supplies | 7,176.26 | ----- | 7,176.26 |
| Utilities | ----- | ----- | 0.00 |
| Equipment | ----- | ----- | 0.00 |
| Total | \$ 30,930.38 | \$ 0.00 | \$ 30,930.38 |

The accompanying notes are an integral part of this statement.

GATEKEEPERS, INC. (FOR STATE AND LOCAL AWARDS)
 STATEMENT OF FUNCTIONAL EXPENSES (AWARD #806)
 FOR THE PERIOD ENDED DECEMBER 31, 2003

| | Program Services Louisiana Stadium & Exposition District | Supporting Services Louisiana Stadium & Exposition District | Total |
|----------------------|---|--|--------------------|
| Contractual services | \$ 175.00 | \$ ----- | \$ 175.00 |
| Supplies | 799.11 | ----- | 799.11 |
| Equipment | 1,274.21 | ----- | 1,274.21 |
| Total | \$ 2,248.32 | \$ 0.00 | \$ 2,248.32 |

The accompanying notes are an integral part of this statement.

GATEKEEPERS, INC. (FOR STATE AND LOCAL AWARDS)
 STATEMENT OF FUNCTIONAL EXPENSES (AWARD Capital Outlay)
 FOR THE PERIOD ENDED DECEMBER 31, 2003

| | Program Services Louisiana Stadium & Exposition District | Supporting Services Louisiana Stadium & Exposition District | Total |
|----------------------|---|--|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Contractual services | \$ 75,000.00 | \$ ----- | \$ 75,000.00 |
| Supplies | <u>25,000.00</u> | <u>-----</u> | <u>25,000.00</u> |
| Total | <u>\$ 100,000.00</u> | <u>\$ 0.00</u> | <u>\$ 100,000.00</u> |

The accompanying notes are an integral part of this statement.

GATEKEEPERS, INC. (FOR STATE AND LOCAL AWARDS)
 STATEMENT OF FUNCTIONAL EXPENSES (TANIF AWARD)
 FOR THE PERIOD ENDED DECEMBER 31, 2003

| | Program Services TANIF | Supporting Services TANIF | Total |
|-----------------------------------|---------------------------|------------------------------|---------------------|
| Compensation and Related Expenses | | | |
| Compensation | | | |
| Salaries | \$ ----- | \$ ----- | \$ 0.00 |
| Employee Benefits | ----- | ----- | 0.00 |
| Contract - Services | 75,164.11 | 3,120.00 | 78,284.11 |
| Contract - Other | ----- | 6,400.00 | 6,400.00 |
| Supplies | 3,939.23 | ----- | 3,939.23 |
| Gas | 35.00 | ----- | 35.00 |
| | <hr/> | <hr/> | <hr/> |
| Total | \$ <u>79,138.34</u> | \$ <u>9,520.00</u> | \$ <u>88,658.34</u> |

The accompanying notes are an integral part of this statement.

GATEKEEPERS, INC. (FOR STATE AND LOCAL AWARDS)
 STATEMENT OF CASH FLOWS
 FOR THE PERIOD ENDED DECEMBER 31, 2003

| | LSED AWARD # 601 | LSED AWARD # 725 | LSED AWARD # 806 | LSED AWARD Capital Outlay | TANF AWARD |
|---|----------------------|---------------------|---------------------|------------------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Increase (decrease) in net assets | \$ (1,285.58) | \$ (6.84) | \$ (9.28) | \$ 0.00 | \$ 4,127.34 |
| Adjustments to reconcile increase/decrease in net assets to net cash provided by operating activities | | | | | |
| (Increase) decrease in operating assets: | | | | | |
| Increase (decrease) in operating liabilities: | | | | | |
| Deferred grant revenue: | (20,833.13) | ----- | ----- | ----- | ----- |
| Accrued other expenses | (5,388.18) | ----- | ----- | ----- | 39.40 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>(27,506.89)</u> | <u>(6.84)</u> | <u>(9.28)</u> | <u>0.00</u> | <u>4,166.74</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (27,506.89) | (6.84) | (9.28) | ----- | 4,166.74 |
| BEGINNING CASH AND CASH EQUIVALENTS | <u>26,221.31</u> | ----- | ----- | ----- | <u>890.17</u> |
| ENDING CASH AND CASH EQUIVALENTS | <u>\$ (1,285.58)</u> | <u>\$ (6.84)</u> | <u>\$ (9.28)</u> | <u>\$ 0.00</u> | <u>\$ 5,056.91</u> |

The accompanying notes are an integral part of this statement.

GATEKEEPERS, INC.
(For State and Local Awards)
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Gatekeepers, Inc. (the nonprofit organization) for state and local awards is presented to assist in understanding the nonprofit organization's financial statements for state and local awards. The financial statements and notes are representations of the nonprofit organization's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The financial statements of Gatekeepers, Inc. (for state and local awards) have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Nature of Activities

Gatekeepers, Inc. (the nonprofit organization) is a faith based organization serving the City of New Orleans 9th Ward community. Gatekeepers, Inc. serves as an incubator, collaborator, and coordinating agency. Gatekeepers, Inc. administers the following programs: economic outreach, literacy, employment counseling, temporary shelter, teenage pregnancy and job training. Gatekeepers, Inc. is supported by grants awarded through the Louisiana Stadium & Exposition District (LSED) Legislative Grant Program and Temporary Assistance for Needy Families (TANF). The Louisiana Stadium & Exposition District (LSED) Legislative Grant Program receives funding from the State of Louisiana, Hotel/Motel Tax as provided under Senate Bill No. 1108, now Act 1380. The Temporary Assistance for Needy Families, Program receives funding from the State of Louisiana Department of Education Cooperative Endeavor under CFDA #93.558.

GATEKEEPERS, INC. (For State and Local Awards)
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Contributions

Under SFAS No. 116, Accounting for Contributions Received and Contributions Made, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the absence or existence and nature of any donor restrictions.

Contributed Services

No amounts have been reflected in the financial statements for contributed services. The organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs and various committee assignments. The organization receives more than 300 volunteer hours per year.

Deferred Revenue

Revenue from Louisiana Stadium & Exposition District is deferred and recognized over the period to which grant revenue relate.

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 those estimates.

GATEKEEPERS, INC. (For State and Local Awards)
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to program and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Tax Status

The Organization is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170 (b) (1) (A) and has been classified as an organization other than a private foundation under Section 509 (a) (2).

Property and Equipment

All acquisitions of property and equipment made under these state and local awards by contract have the state and local programs retaining ownership and the option to reclaim the equipment after the program. Consequently, the purchase of equipment made under LSED Awards #394, #601 and the TANF Award are expensed and not capitalized.

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

GATEKEEPERS, INC. (For State and Local Awards)
NOTES TO FINANCIAL STATEMENTS

Note B - Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The Organization maintains its cash balance in three financial institutions all located in New Orleans, Louisiana. The cash balance is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At December 31, 2003, the Organization's insured cash balance totaled \$3,755.21 at the institutions.

Note C - Commitments

The Organization has a contract agreement with Guillemet & Associates Inc. which was entered into by Gatekeepers, Inc. and Guillemet & Associates Inc. and extends through June 10, 2003. The aggregate commitment under this agreement is approximately \$0 at December 31, 2003.

Note D - Deferred Revenue

The change in Gatekeepers, Inc. deferred revenue account for LSED Award 601 the year ended December 31, 2003 is comprised of the following:

| | Award #601 |
|------------------------------|---------------------|
| Balance at beginning of year | \$20,833.13 |
| Additions: | |
| Grant proceeds received | -- 0 - |
| Reductions: | |
| Grant revenue earned | <u>(20,833.13)</u> |
| Balance at end of year | <u>\$ - 0 -</u> |

The TANF Award is a cost reimbursement program and had no deferred revenue.

NOTE E - DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

Education

The primary focus of the program is to provide economic outreach and self-help programs. The scope of services include literacy, employment counseling, temporary shelter, teenage pregnancy prevention and job training.

GATEKEEPERS, INC. (For State and Local Awards)
 NOTES TO FINANCIAL STATEMENTS

Management and General

Includes the functions necessary to maintain an equitable training program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy through the Office of the President; secure proper administrative functioning of the Board of Directors; and manage the financial and budgetary responsibilities of the Organization.

NOTE F - FUNCTIONAL CLASSIFICATION OF EXPENSES

| EXPENSES | Award #601 | Award #725 | Award #806 |
|---------------------------|---------------------|---------------------|--------------------|
| Program service | | | |
| Education | \$ | \$ | \$ |
| Painting | 17,811.91 | 30,930.38 | 2,248.32 |
| Supporting services | | | |
| Management and General | | | |
| TOTAL EXPENSES | \$ <u>17,811.91</u> | \$ <u>30,930.38</u> | \$ <u>2,248.32</u> |

| EXPENSES | Capital Outlay | Award TANIF |
|---------------------------|----------------------|---------------------|
| Program service | | |
| Education | \$ | \$ 79,138.34 |
| Renovations | 100,000.00 | |
| Supporting services | | |
| Management and General | | <u>9,520.00</u> |
| TOTAL EXPENSES | \$ <u>100,000.00</u> | \$ <u>88,658.34</u> |

NOTE G - NONCOMPLIANCE WITH GRANTOR RESTRICTIONS

Financial awards from state and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

NOTE H - PROPERTY AND EQUIPMENT

No property or equipment purchases were capitalized for LSED Awards #601, #725, #806, Capital Outlay and the TANF Awards.

ERNEST J. FOLSE III, C.P.A.

A PROFESSIONAL ACCOUNTING CORPORATION

CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR GATEKEEPERS, INC.
FOR THE PERIOD ENDED DECEMBER 31, 2003

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors
Gatekeepers, Inc.
6030 St. Claude Avenue
New Orleans, Louisiana 70117

I have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of Gatekeepers, Inc., the Legislative Auditor, the State of Louisiana, and the applicable state grantor agency solely to assist the users in evaluating management's assertions about Gatekeepers, Inc.'s compliance with certain laws and regulations during the year ended December 31, 2003, included in the accompanying Louisiana Attestation Questionnaire. Management is responsible for Gatekeepers Inc.'s compliance with those requirements. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, I make no representation regarding the sufficiency of the procedures described below for the purpose for which this report has been requested or for any other purpose.

My procedures and findings are as follows:

Agreed-Upon Procedure

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.

| <u>State Grant Name</u> | <u>Grant Year</u> | <u>Contract No.</u> | <u>Amount</u> |
|--|--|---------------------|---------------|
| State of Louisiana Capital Outlay | July 1, 2002 through June 30, 2003 | Capital Outlay | \$100,000.00 |
| Louisiana Stadium & Exposition District | July 1, 2002 through June 30, 2003 | Grant # 601 | \$17,118.91 |
| Louisiana Stadium & Exposition District | January 8, 2003 through October 30, 2003 | Grant # 725 | \$30,930.38 |

Page 2 - Independent Accountant's Report On Applying
Agreed- Upon Procedures (Continued)

| | | | |
|--|--|-----------------|---------------------|
| Louisiana Stadium & Exposition District | June 9, 2003 through December 31, 2003 | Grant # 806 | \$ 2,248.32 |
| Temporary Assistance For Needy Families | January 1, 2003 through December 31,2003 | CFDA# 93.558 | \$88,658.34 |
| Total Expenditures | | | <u>\$238,955.95</u> |

Page 3 - Independent Accountant's Report On Applying
Agreed- Upon Procedures (Continued)

Agreed-Upon Procedure

2. For each Federal, state, and local award:

- Randomly select 6 disbursements from each award administered during the period under examination, provided that no more than 30 disbursements in total will be selected.
- Trace the six disbursements to supporting documentation as to proper amount and payee.
- Determine if the six disbursements were properly coded to the correct fund and general ledger account.
- Determine whether the six disbursements received approval from proper authorities.
- For federal awards, determine whether the disbursements comply 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, determine whether the disbursements comply with the grant agreement, relating to:
 - * Activities allowed or unallowed
 - * Eligibility
 - * Reporting

Agreed-Upon Procedure

2. For each Federal, state, and local award: (Continued)

- Randomly select 6 disbursements from each award administered during the period under examination, provided that no more than 30 disbursements in total will be selected.

Finding:

No exception noted.

Recommendation:

No recommendation required.

**Page 4- Independent Accountant's Report On Applying
Agreed-Upon Procedures (Continued)**

Agreed-Upon Procedure

2. For each Federal, state, and local award: (Continued)

- Trace the six disbursements from each award to supporting documentation as to proper amount and payee.

Finding:

No exception noted.

Recommendation:

No recommendation required

Page 5- Independent Accountant's Report on Applying
Agreed-Upon Procedures (Continued)

Agreed-Upon Procedure

2. For each Federal, state, and local award: (Continued)

- Determine if the six disbursements were properly coded to the correct fund and general ledger account.

Finding:

No exception noted.

Recommendation:

No recommendation required

Page 6- Independent Accountant's Report On Applying
Agreed-Upon Procedures (Continued)

Agreed-Upon Procedure

2. For each Federal, state and local award: (Continued)

- For federal awards, determine whether the disbursements comply with the applicable 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, determined whether the disbursements comply with the grant agreement, relating to activities allowed or unallowed.

Activities Allowed or Unallowed

Finding:

No exception noted.

Recommendation:

No recommendation required.

Agreed- Upon Procedure

2. For Federal, state and local award: (Continued)

- For federal awards, determine whether the disbursements comply 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, determine whether the disbursements comply with the grant agreement, relating to eligibility.

Eligibility

Finding:

No exception noted.

Recommendation:

No recommendation required.

Page 7- Independent Accountant's Report on Applying
Agreed-Upon Procedures (Continued)

Agreed-Upon Procedure

2. For each Federal, state and local award: (Continued)

- For federal awards, determine whether the disbursements comply 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, determine whether the disbursements comply with the grant agreement, relating to reporting.

Reporting

Finding:

I reviewed disbursements subsequent to January 1, 2003, and noted that the final claim for reimbursement report on Grant 601 dated June 30, 2003 overstated program expenditures cost by \$1,285.80, Grant 725 reimbursement report dated December 31, 2003 overstated program expenditures cost by \$6.84, and Grant 806 reimbursement report dated December 31, 2003 overstated expenditure cost by \$9.28.

Recommendation:

I recommend that records be maintained consistent with the Louisiana Stadium and Exposition District Legislative Grant Program Guidelines and Rules. "Records shall be maintained in accordance with requirements prescribed by Generally Accepted Accounting Principles."

Agreed-Upon Procedures

3. For the program selected for testing in item (2) that have been closed out during the period under review, compare the close-out report, when required, with the entity's financial records to determine whether the amounts agree.

Finding:

No exception noted.

**Page 8- Independent Accountant's Report on Applying
Agreed-Upon Procedures (Continued)**

Recommendation:

No recommendation required.

Page 9- Independent Accountant's Report On Applying
Agreed-Upon Procedures (Continued)

Agreed-Upon Procedure

4. Meetings

- Examine 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).

Finding:

No exception noted.

Recommendation:

No recommendation required.

**Page 10 - Independent Accountant's Report On Applying
Agreed-Upon Procedures (Continued)**

Agreed- Upon Procedure

5. Comprehensive Budget

- For all grants exceeding five thousand dollars, determine 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.

Finding:

No exception noted.

Recommendation:

No recommendation required.

Agreed-Upon Procedure

5. Comprehensive Budget (Continued)

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

Finding:

The nonprofit organization did not comply with the budgetary requirements of LSA-RS 39:34. The nonprofit organization did not comply with the grant restrictions relating to the receipt of public funds. The nonprofit organization did not restrict the expenditure of revenues to amounts authorized in the contract budget of award #601 as presented below.

| Budget Line Item | Remaining Budgeted Amount | Actual | Variance (Unfavorable) |
|-----------------------|------------------------------|-------------------------|---------------------------|
| Contractual Services: | | | |
| Contract Service | 6,451.01 | -0- | 6,451.01 |
| Supplies: | | | |
| Supplies | 1,197.82 | 10,506.36 | (9,308.45) |
| Equipment: | | | |
| Equipment | <u>8,185.00</u> | <u>6,612.55</u> | <u>1,572.45</u> |
| Total | <u>\$ 15,833.83</u> | <u>\$ 17,118.91</u> | <u>\$ (1,285.08)</u> |

Page 12- Independent Accountant's Report On Applying
 Agreed-Upon Procedures (Continued)

Agreed-Upon Procedure

5. Comprehensive Budget (Continued)

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

Finding:

The nonprofit organization did not comply with the budgetary requirements of LSA-RS 39:34. The nonprofit organization did not comply with the grant restrictions relating to the receipt of public funds. The nonprofit organization did not restrict the expenditure of revenues to amounts authorized in the contract budget of award #725 as presented below.

| Budget Line Item | Remaining Budgeted Amount | Actual | Variance (Unfavorable) |
|-----------------------|------------------------------|----------------------------|---------------------------|
| Contractual Services: | | | |
| Contract Service | 21,000.00 | 23,754.12 | (2,754.12) |
| Supplies: | | | |
| Supplies | 9,923.54 | 7,176.26 | 2,747.28 |
| Equipment: | | | |
| Equipment | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> |
| Total | <u>\$ 30,923.54</u> | <u>\$ 30,930.38</u> | <u>\$ (6.84)</u> |

Page 13- Independent Accountant's Report On Applying
 Agreed-Upon Procedures (Continued)

Agreed-Upon Procedure

5. Comprehensive Budget (Continued)

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

Finding:

The nonprofit organization did not comply with the budgetary requirements of LSA-RS 39:34. The nonprofit organization did not comply with the grant restrictions relating to the receipt of public funds. The nonprofit organization did not restrict the expenditure of revenues to amounts authorized in the contract budget of award Capital Outlay as presented below.

| Budget Line Item | Remaining Budgeted Amount | Actual | Variance (Unfavorable) |
|-----------------------|------------------------------|---------------------|---------------------------|
| Contractual Services: | | | |
| Contract Service | 75,000.00 | 75,000.00 | 0.00 |
| Supplies: | | | |
| Supplies | 20,000.00 | 25,000.00 | (5,000.00) |
| Administrative Cost:: | | | |
| Administrative Cost | <u>5,000.00</u> | <u>0.00</u> | <u>5,000.00</u> |
| Total | <u>\$100,000.00</u> | <u>\$100,000.00</u> | <u>\$ 0.00</u> |

Agreed-Upon Procedure

5. Comprehensive Budget (Continued)

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

Finding:

The nonprofit organization did not comply with the budgetary requirements of LSA-RS 39:34. The nonprofit organization did not comply with the grant restrictions relating to the receipt of public funds. The nonprofit organization did not restrict the expenditure of revenues to amounts authorized in the contract budget of TANF award.

| Budget Line Item | Remaining Budgeted Amount | Actual | Variance (Unfavorable) |
|------------------------------|------------------------------|--------------------|---------------------------|
| Contractual Services: | | | |
| Executive Director | 1,400.00 | 1,047.35 | 352.00 |
| Instructors | 67,400.00 | 75,415.15 | (8,015.15) |
| Secretary | 5,400.00 | 3,510.00 | 1,890.00 |
| Janitor | 3,575.00 | 3,140.00 | 435.00 |
| Other: | | | |
| Other | <u>8,125.88</u> | <u>5,545.84</u> | <u>2,580.04</u> |
| Total | <u>\$ 85,900.88</u> | <u>\$88,658.34</u> | <u>\$ (2,757.46)</u> |

Recommendation:

I recommend that the organization comply with the budgetary requirements of LSA-RS 39:34. Also, I recommend that expenditures incurred should be consistent with the prescribed budget.

Agreed-Upon Procedure

6. Louisiana Attestation Questionnaire

Finding:

Per review of the board minutes, it was noted that the completed Louisiana Attestation Questionnaire was not presented to and adopted by the governing body of the organization by means of a formal resolution in a open meeting. The completed questionnaire and a copy of the adoption instrument must be given to the auditor at the beginning of the engagement.

Recommendation:

I recommend that the organization present the completed Louisiana Attestation Questionnaire to the governing body of the organization by means of a formal resolution in a open meeting. Also, I recommend that the completed questionnaire and a copy of the adoption instrument be given to the auditor at the beginning of the attestation engagement.

Agreed-Upon Procedure

6. Failure to engage agreed upon procedures in a timely manner.

- The auditor will report as an issue of noncompliance failure to comply with the state six month statutory requirement for issuance of the agreed upon procedures reports.

Finding:

The nonprofit organization did not comply with state requirements to engage and supply needed documentation in a timely fashion.

Recommendation:

I recommend that the organization comply with the state reporting requirements and engage these procedures in a timely fashion.

Page 16- Independent Accountant's Report On Applying
Agreed-Upon Procedures (Continued)
Agreed-Upon Procedure

8. Prior Comments and Recommendations

- The engagement will include a review of any prior-year suggestions, recommendations, and/or comments and will indicate the extent to which such matters have been resolved.

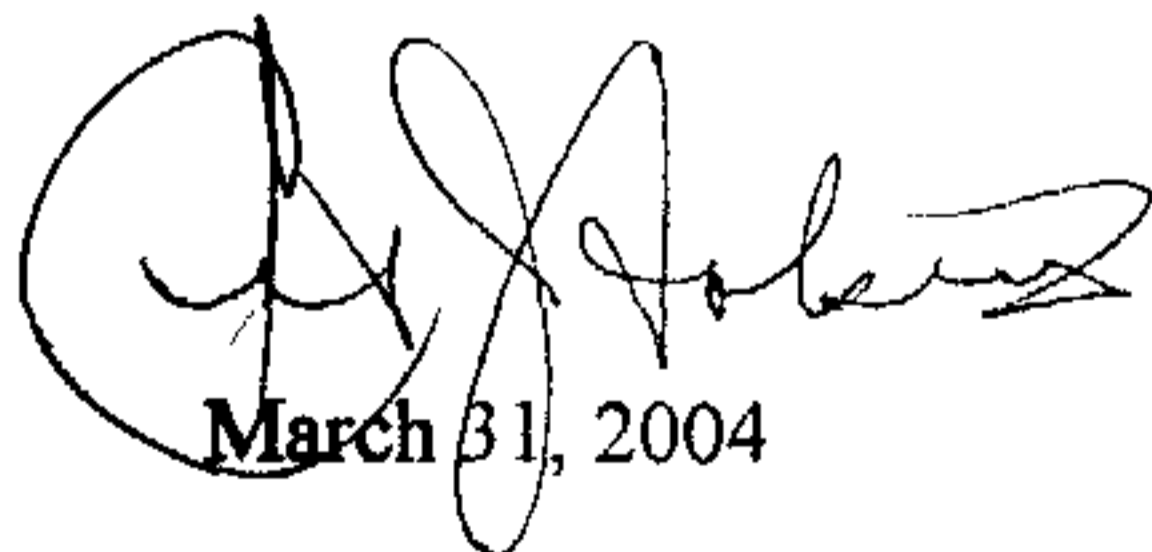
Finding:

2. Finding

| | |
|---|----------------------|
| Disbursements fail to comply with program requirements. | Exception noted |
| Meetings recorded in minute book. | No exception noted.. |

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

This report is intended solely for the information and use of the management of Gatekeepers, Inc., the Legislative Auditor, the State of Louisiana, and the applicable state grantor agency 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 purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



March 31, 2004

GATEKEEPERS
6030 St. Claude Avenue
New Orleans, Louisiana 70117

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Corrective Action Plan

Gatekeepers, Inc submits the following corrective action plan for the year 2003, our third year in operation with Gatekeepers and independent public accountant Ernest Folse.

Findings-Comprehensive Budget

All expenditures in the future will be examined before being made to be certain they will comply with budgetary allowances.

Findings-Attestation Questionnaire

The organization will maintain a checklist of material to be supplied to the auditor at the start of the audit, this list will include Louisiana Attestation Report and will be supplied at this time.

Findings-Failure to engage agreed upon procedures in a Timely Manner

The organization will engage and supply pertinent material in a timely fashion in order to comply with State Reporting Requirement.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Entities)
8/1/2004 (Date Transmitted)

Mr. Ernest J. Folse III CPA, 2304 St. Bernard, New Orleans, LA 70119

(Auditors)

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 (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.

Yes [X] 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 [X] No []

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

Yes [X] 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 [X] 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 [X] 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 [X] No []




Prior Year Comments

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

Yes [X] 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.

| | | | |
|---|-----------|------|----------|
|  | Secretary | Date | 8/2/2004 |
|  | Treasurer | Date | 8/2/2004 |
|  | President | Date | 8/2/2004 |