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**NEW ORLEANS JOBS INITIATIVE, INC.
FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED MARCH 31, 2004**

Under provisions of state law, this report is a public document. A copy of this 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 10-6-04

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Michael B. Stone, CPA
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Walter J. Hunt, Jr., CPA
Paul E. Anshel, Sr., CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
New Orleans Jobs Initiative, Inc.

We have audited the accompanying statement of financial position of **New Orleans Jobs Initiative, Inc. (NOJI)** as of March 31, 2004, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of NOJI's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **New Orleans Jobs Initiative, Inc.** as of March 31, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
New Orleans Job Initiative, Inc.
Page 2

The accompanying financial statements have been prepared assuming NQMI will continue as a going concern. As discussed in NOTE 11, on June 30, 2004, NQMI ceased offering direct services to individuals and businesses. This represents a significant portion of NQMI's operations and raises substantial doubt about NQMI's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with Government Auditing Standards, we have also issued a report dated August 20, 2004, on our consideration of NQMI's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit. Also, that report identified reportable conditions involving internal control over financial reporting.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of NQMI taken as a whole. The accompanying schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

August 20, 2004

NEW ORLEANS JOBS INITIATIVE, INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2004

ASSETS

Cash	\$ 889
Grants receivable	47,543
Promises to give (NOTE 4)	105,000
Prepaid expenses and other assets	6,981
Equipment, net of accumulated depreciation of \$39,161 (NOTE 2)	<u>22,747</u>
Total assets	<u>\$193,159</u>

LIABILITIES AND NET ASSETS (DEFICITS)

Liabilities:

Bank overdrafts	\$ 18,888
Accounts payable and accrued liabilities	63,178
Notes payable (NOTES 5 AND 10)	76,424
Obligation under capital lease (NOTE 6)	<u>8,853</u>
Total liabilities	<u>167,343</u>

Net assets (deficits):

Unrestricted	(79,182)
Temporarily restricted (NOTE 8)	<u>105,000</u>
Total net assets	<u>25,818</u>
Total liabilities and net assets	<u>\$193,159</u>

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

NEW ORLEANS JOBS INITIATIVE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>REVENUES</u>			
Contributions and grants (NOTE 7)	\$ 894,755	\$105,000	\$ 999,755
Program service fees	<u>127,675</u>	<u>-0-</u>	<u>127,675</u>
Total revenues	<u>1,022,430</u>	<u>105,000</u>	<u>1,127,430</u>
<u>EXPENSES</u>			
Program Services:			
Employment and training	<u>808,245</u>	<u>-0-</u>	<u>808,245</u>
Total program services	<u>808,245</u>	<u>-0-</u>	<u>808,245</u>
Support Services:			
General and administrative	179,784	-0-	179,784
Fundraising	<u>46,616</u>	<u>-0-</u>	<u>46,616</u>
Total support services	<u>226,400</u>	<u>-0-</u>	<u>226,400</u>
Total expenses	<u>1,034,645</u>	<u>-0-</u>	<u>1,034,645</u>
Change in net assets (deficits)	(12,215)	105,000	92,785
Net assets (deficits), beginning of year	<u>(66,867)</u>	<u>-0-</u>	<u>(66,867)</u>
Net assets (deficits), end of year	<u>\$ (79,182)</u>	<u>\$105,000</u>	<u>\$ 25,818</u>

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

NEW ORLEANS JOBS INITIATIVE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2004

Cash Flows from Operating Activities:	
Change in net deficits	\$ 92,785
Adjustments to reconcile change in net deficits to net cash used in operating activities:	
Depreciation	8,823
Changes in operating assets and liabilities:	
Decrease in grants receivable	6,510
Increase in promises to give	(105,000)
Increase in prepaid expenses and other assets	(700)
Decrease in accounts payable and accrued liabilities	<u>(22,392)</u>
Net cash used in operating activities	<u>(18,975)</u>
Cash Flows from Investing Activities:	
Equipment purchases	<u>(9,553)</u>
Net cash used in investing activities	<u>(9,553)</u>
Cash Flows from Financing Activities:	
Increase in bank overdrafts	18,848
Payments on notes payable	<u>(18,688)</u>
Net cash provided by financing activities	<u>160</u>
Net decrease in cash	(29,328)
Cash at beginning of year	<u>30,217</u>
Cash at end of year	\$ <u>889</u>
Supplemental Cash Flow Information:	
Cash paid for interest	\$ <u>9,626</u>

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

NEW ORLEANS JOBS INITIATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - *Organization:*

The New Orleans Jobs Initiative, Inc. (NOJI) was organized on June 24, 1997 as a not-for-profit organization to prepare persons with low incomes for careers that sustain families; to assist in building a skilled work force that business needs to grow the local economy and to improve the policies and practices of our education, training and employment systems to better serve low income families and the region's businesses. (See NOTE 11).

NOTE 2 - *Summary of Significant Accounting Policies:*

Principles of Accounting

NOJI is a not-for-profit corporation whose financial statements are prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 during the reporting period. Actual results could differ from these estimates.

Basis of Reporting

In accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 117, which establishes standards for external financial reporting by not-for-profit organizations, NOJI classifies resources for accounting and reporting purposes into three net asset categories which are unrestricted, temporarily restricted and permanently restricted net assets according to externally (donor) imposed restrictions.

NEW ORLEANS JOBS INITIATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - *Summary of Significant Accounting Policies, Continued:*

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

- Unrestricted net assets include contributions not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of NOJI are included in this category. NOJI has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of NOJI and, therefore, NOJI's policy is to record these net assets as unrestricted.
- Temporarily restricted net assets include contributions for which donor imposed time or purpose restrictions have not been met.
- Permanently restricted net assets are contributions stipulated 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 March 31, 2004, NOJI did not have any permanently restricted net assets.

NEW ORLEANS JOBS INITIATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Equipment

Equipment of NJOI is recorded as an asset and is stated at historical cost, if purchased, or at fair market value at the date of the gift, if donated. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized.

Depreciation is provided using the straight-line method over the estimated useful life of five (5) years.

Such assets and related accumulated depreciation consist of the following:

Equipment	\$ 71,908
Accumulated depreciation	(39,161)
Equipment, net	\$ <u>32,747</u>

Donated Services

NJOI receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the statement of activities as the fair value of these services has not been determined.

Contributions and Grants

Revenues received under grant programs are recognized when earned. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

NEW ORLEANS JOBS INITIATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Income Taxes

NOJI is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

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.

Cash Equivalents

For purposes of the statement of cash flows, NOJI considers all investments purchased with a maturity of three months or less to be cash equivalents. NOJI had no cash equivalents at March 31, 2004.

NOTE 3 - Contingencies:

NOJI is a recipient of various grants. These grants are subject to the contractual requirements as set forth in the grant agreements between NOJI and the applicable funding sources. The administration of these grants is under the control of the New Orleans Jobs Initiative, Inc. and is subject to audit and/or review by the applicable funding sources.

NOTE 4 - Promises to Give:

Unconditional promises to give at March 31, 2004 are as follows:

Receivable in less than one year	\$ 85,000
Receivable more than one year	<u>20,000</u>
Total unconditional promises to give	<u>\$105,000</u>

NEW ORLEANS JOBS INITIATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - Notes Payable:

Notes payable at March 31, 2004 consist of the following:

Note payable to a bank with an interest rate of 11.80%, payable on demand maturing on April 22, 2004	\$43,918
Note payable to a foundation, non-interest bearing, payable on demand with no stated maturity	25,000
Note payable to a company, non-interest bearing, payable on demand with no stated maturity (See NOTE 10)	6,535
Notes payable to finance companies with interest rates ranging from 7.75% to 16%, payable in monthly installments ranging from \$183 to \$220 maturing May 2004 through June 2004	<u>831</u>
Total	<u>\$76,424</u>

NEW ORLEANS JOBS INITIATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - Leases:

NOJII leases equipment under a capital lease. Minimum future lease payments under this capital lease as of March 31, 2004 for each of the next four years and in the aggregate are:

Year Ended <u>March 31,</u>	
2005	\$ 3,116
2006	3,116
2007	3,116
2008	<u>2,756</u>
Total minimum lease payments	12,104
Less: Amount representing interest	<u>(3,251)</u>
Present value of net minimum lease payments	<u>\$ 8,853</u>

NOTE 7 - Contributions and Grants:

NOJII received contributions and grants from the following organizations during the year ended March 31, 2004:

<u>Contributions</u>	
Greater New Orleans Foundation	\$ 25,000
Hinachi Foundation	150,000
Keller Family Foundation	63,200
Rolly Foundation	25,000
Anonymous donor (via Greater New Orleans Foundation)	5,000

NEW ORLEANS JOBS INITIATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 7 - Contributions and Grants, Continued

Contributions, Continued

Greens Foundation	\$ 50,000
Rosemary Foundation	50,000
Fenner French Foundation	1,000
Junior League of New Orleans	3,000
Board of Directors (NOJI)	<u>7,816</u>
Total contributions	<u>109,816</u>

Grants

Annie E. Casey Foundation (AEC) Grant	258,000
Harrah's New Orleans Casino - Community Opportunity Prosperity & Empowerment (COPE) Grant	20,000
Jefferson Parish - Workforce Investment Act (WIA)	277,200
State of Louisiana - Department of Economic Development - Emergency Medical Technician (EMT) Grant	<u>63,939</u>
Total grants	<u>619,139</u>
Total contributions and grants	<u>\$729,755</u>

NOTE 8 - Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following periods:

Year Ended March 31,

2005	\$ 85,000
2006	<u>20,000</u>
Total temporarily restricted net assets	<u>\$105,000</u>

NEW ORLEANS JOBS INITIATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - Fair Value of Financial Instruments:

The estimated fair value of all significant financial statement amounts have been determined by NOJI using available market information and appropriate valuation methodologies.

NOJI considers the carrying amounts of the cash and notes payable to be fair value.

NOTE 10 - Related Parties:

NOJI has professional service contracts with various entities whose officers or board members also serve as officers or board members of NOJI. Transactions with these other entities were approximately \$26,800 during the year ended March 31, 2004. The applicable officers or board members are in a position to, and in the future may, influence the volume of activity by NOJI for the benefit of the other entities over which they serve as an officer or board member. These transactions are summarized as follows:

Delgado Community College (participant entities)	\$26,800
	<u>\$26,800</u>

Additionally, at March 31, 2004, notes payable consist of \$6,555 of notes payable due to entities whose officers or board members also serve as officers or board members of NOJI.

NEW ORLEANS JOBS INITIATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 11 - *Subsequent Event*

On June 30, 2004, NOJI ceased offering direct services to individuals and businesses. It has revamped its operations to serve as a catalyst for a regional workforce development network in the Greater New Orleans area. It will utilize the vital relationships and institutional links that have been developed over the past years. These efforts will still focus on unemployed and under-employed workers.

SUPPLEMENTARY INFORMATION

NEW ORLEANS JOBS INITIATIVE, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2004

	Employment and Training	General and Administrative	Facilitating	Total
Salaries and wages	\$ 431,294	\$ 88,288	\$17,262	\$ 537,844
Payroll taxes and fringes	82,174	18,877	3,259	105,310
Professional services	47,150	19,180	22,000	88,330
Printing and publications	4,493	828	179	5,600
Participant assistance	93,388	-	-	93,388
Meetings, food and beverages	6,448	847	243	7,538
Travel and conferences	10,790	1,488	154	12,432
Supplies	24,456	1,482	216	26,154
Postage and courier service	1,099	887	37	2,023
Occupancy	69,946	9,033	1,749	80,728
Telephone	7,715	1,607	310	9,632
Depreciation	7,074	1,468	283	8,825
Repairs and maintenance	3,433	711	137	4,281
Interest and bank charges	-	13,422	-	13,422
Other	4,428	10,880	309	14,709
Insurance	9,760	2,035	383	12,178
Small equipment	4,368	903	175	5,438
Bad debts	-	8,490	-	8,490
Total expenses	\$98,245	\$179,384	\$46,638	\$1,038,645

See Independent Auditor's Report on Supplementary Information.



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Paul E. Ansel, Sr., CPA

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.**

To the Board of Directors
New Orleans Jobs Initiative, Inc.

We have audited the financial statements of New Orleans Jobs Initiative, Inc. (NOJI) as of and for the year ended March 31, 2004, and have issued our report thereon dated August 20, 2004. That report contained an emphasis of a matter concerning an uncertainty about NOJI's ability to continue as a going concern. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether NOJI's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL, OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)**

Internal Control Over Financial Reporting

In planning and performing our audit, we considered NQJF's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect NQJF's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2004-01.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting, which we have reported to the management of NQJF in a separate letter dated August 20, 2004.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

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

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

August 20, 2004

NEW ORLEANS JOBS INITIATIVE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2004

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?
- Reportable condition(s) identified that are not considered to be material weaknesses?

Yes No

Yes None Reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Not Applicable

NEW ORLEANS JOBS INITIATIVE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2004

Section II - Financial Statement Finding

1004-01 CHECK DISBURSEMENTS

During our test work of check disbursements during the year ended March 31, 2004, we noted the following:

- Three (3) of the twenty-two (22) non-payroll disbursements selected for testing lacked proper supporting documentation (invoice, contract, etc.); and
- Three (3) of the eight (8) payroll check disbursements selected for testing lacked proper supporting personnel file documentation related to the authorized pay rate for the applicable employees.

Additionally, our discussions with management indicated that "Course Leaders" who were paid during the year ended March 31, 2004 did not have signed contracts for the period applicable to those disbursements and rental payments for the administrative office space utilized by NOJI were also paid without an executed lease or other contractual agreement.

Recommendation

We recommend that all check disbursements be supported by the appropriate supporting documentation.

NEW ORLEANS JOBS INITIATIVE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2004

Section III - Federal Award Finding and Questioned Costs

Not applicable.

NEW ORLEANS JOBS INITIATIVE, INC.
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Section I - Financial Statement Findings

	<u>Resolved</u>	<u>Unresolved</u>	<u>In-Progress</u>
2007-02 Audit Report Submission	X		

Section II - Federal Award Findings and Questioned Costs

Not applicable.

Section III - Management Letter Comments

See separate letter to management dated August 20, 2008

NEW ORLEANS JOBS INITIATIVE, INC.

EXIT CONFERENCE

The audit report was discussed at an exit conference. The individuals in attendance are outlined below. This report is intended solely for the use of the Board of Directors, management, the Legislative Auditor of the State of Louisiana and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

NEW ORLEANS JOBS INITIATIVE, INC.

Mr. Lee Crean -- Chief Executive Officer
Mr. Charlie Lacoste, CPA -- Controller

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Michael B. Bruno, CPA -- Managing Partner
Mr. Armand E. Pinkney -- Manager



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INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

To the Board of Directors of
New Orleans Jobs Initiative, Inc.

In planning and performing our audit of the financial statements of New Orleans Jobs Initiative, Inc. (NOJI) for the year ended March 31, 2004, we considered NOJI's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of the following matters that are opportunities for strengthening internal controls and operating efficiency.

ANNIE E. CASEY GRANT

Under the performance based contract between NOJI and the Annie E. Casey (AEC) Foundation, NOJI is required to achieve various projected participation targets/milestones related to enrollments, graduations and placements under its Healthcare, Construction and Manufacturing job training components. Additionally, NOJI is required submit quarterly Indicators of Progress reports to the AEC Foundation indicating NOJI's achievements towards the participation targets/milestones as well as quarterly Expenditure reports.

Based on our review of the quarterly Indicators of Progress and Expenditure reports we noted the following:

- NOJI continues to fall below its overall projected participation targets, particularly in the construction and manufacturing job training sector components; and

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

ANNIE E. CASEY FOUNDATION, CONTINUED

- The data base utilized to accumulate the statistics reported in the quarterly Indicator of Progress reports does not facilitate the identification of the job training participants associated with the reported statistics.

Recommendation

We recommend that the management of NAMI:

- Continue its efforts to recruit individuals for participating in its job training programs; and
- Upgrade its data base utilized to maintain participation data.

PAYROLL TAXES

Pursuant to an IRS notice dated May 3, 2004, NAMI owes approximately \$23,000 inclusive of accrued penalties and interest related to delinquent payroll tax deposits for the tax period June 30, 1999. NAMI has been in contact with IRS representatives to resolve this liability and has requested abatement of accrued interest and penalties and submitted an "Offer in Compromise" of approximately \$18,000.

Recommendation

We continue to recommend that NAMI continue its efforts to facilitate a timely resolution to this matter.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

OTHER MATTERS

On June 30, 2004, NOJH ceased offering direct services to individuals and businesses and has reorganized its operations to serve as a catalyst for regional workforce development network in the Greater New Orleans area.

Recommendation

We recommend that the management of NOJH coordinate this revised operational mission statement with its primary funding sources to ensure continuity of operations and financial viability of the organization.

STATUS OF PRIOR YEAR COMMENTS

	<u>Resolved</u>	<u>In-Progress</u>	<u>Unresolved</u>
Anne E. Casey Grant		X	
Net Deficits	X		
Payroll Taxes		X	

This letter does not affect our report dated August 20, 2004 on the financial statements of NOJH.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various NMH personnel, and we will be pleased to discuss these comments 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 26, 2004

New Orleans Jobs Initiative

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Brian Lewis, Treasurer
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Barbara Walker, Vice Chair
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Raymond Dennis
Delgado Community College

Ronald Stewart, M.D.
Metropolitan Area Committee

Larry Gibbs,
Gibbs Communities

Barbara Johnson,
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Ben Johnson,
Founder New Orleans Foundation

Eleonila Laine
Delgado Community College

Angela St. Hill
The Journeys Group

Lee Green
Chief Executive Officer

PLAN OF CORRECTIVE ACTION

Financial Statement Finding 2004-01

The accounting system has been modified to ensure that all disbursements are fully documented.

As the organization will not have employees in the future there will be no need for action on this portion of the finding.

Management does not agree that the lack of signed contracts represents a failure. The month to month rental of space was appropriate and prudent in the state of the organization. The verbal contracts with providers of services were repetitive in nature and served well. Once more both of these are moot in consideration of the organization's future activities.



Charles L. Green
Controller

New Orleans Jobs Initiative

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PLAN OF CORRECTIVE ACTION

Independent Auditor's Comments to Management

Annie K. Casey Grant

This condition of the grant will no longer be effective, as the organization will no longer be placing participants.

Payroll Taxes

The organization is confident that the negotiations for abatement of penalties and interest will be successful.

Other Matters

The organization has entered into this new mode of operation with the best knowledge of its principal funding sources and their concerns.



Charles L. Johnson, Jr.
Controller

Lee Green
Chief Executive Officer