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NEW ORLEANS COMPUTER TECHNOLOGY VILLAGE, INC.

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2004**

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 12-15-04

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Member
American Institute of
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Society of Louisiana
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Michael B. Bruno, CPA
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Paul K. Andoh, Sr., CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
New Orleans Computer Technology Village, Inc.

We have audited the accompanying statement of financial position of **New Orleans Computer Technology Village, Inc. (NOCTVI)** as of June 30, 2004, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of **NOCTVI'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. Those 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 Computer Technology Village, Inc.** as of June 30, 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 Computer Technology Village, Inc.
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In accordance with Government Auditing Standards, we have also issued a report dated October 20, 2004 on our consideration of NOCTVI'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.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of NOCTVI 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

October 20, 2004

NEW ORLEANS COMPUTER TECHNOLOGY VILLAGE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2004

ASSETS

Cash	\$11,339
Prepaid expenses and other assets	8,300
Equipment, net of accumulated depreciation of \$27,214 (NOTE 2)	<u>25,093</u>
Total assets	<u>\$44,732</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued liabilities	\$ 1,489
Note payable (NOTE 3)	<u>35,000</u>
Total liabilities	<u>36,489</u>
Net assets:	
Unrestricted net assets	<u>8,243</u>
Total net assets	<u>8,243</u>
Total liabilities and net assets	<u>\$44,732</u>

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

NEW ORLEANS COMPUTER TECHNOLOGY VILLAGE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

REVENUES

Contributions and grants (NOTE 5)	\$412,625
Other income	<u>944</u>
Total revenues	<u>413,569</u>

EXPENSES

Program Services:	
Employment and training	<u>428,911</u>
Total program services	<u>428,911</u>
Support Services:	
General and administrative	<u>12,965</u>
Total support services	<u>12,965</u>
Total expenses	<u>441,876</u>
Change in net assets	(28,307)
Net assets, beginning of year	<u>36,550</u>
Net assets, end of year	<u>\$ 8,243</u>

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

NEW ORLEANS COMPUTER TECHNOLOGY VILLAGE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2004

Cash Flows from Operating Activities:	
Change in net assets	\$ (28,307)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	11,056
Changes in operating assets and liabilities:	
Decrease in accounts receivable	50
Increase in prepaid expenses and other assets	(2,350)
Decrease in accounts payable and accrued liabilities	<u>(4,925)</u>
Net cash used in operating activities	<u>(24,476)</u>
Cash Flows from Financing Activities:	
Proceeds from note payable	<u>35,000</u>
Net cash provided by financing activities	<u>35,000</u>
Net increase in cash	10,524
Cash at beginning of year	<u>815</u>
Cash at end of year	<u>\$ 11,339</u>
Supplemental Cash Flow Information:	
Cash paid for interest	<u>\$ 792</u>

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

NEW ORLEANS COMPUTER TECHNOLOGY VILLAGE, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Organization:

The New Orleans Computer Technology Village, Inc. (NOCTVI) is a community-based organization established in 2000 to provide disadvantaged residents with access to computers and technology-centered training that will better prepare them for today's technology driven job market. NOCTVI operates with a primary mission to improve access to computers and technology training for disadvantaged communities.

NOTE 2 - Summary of Significant Accounting Policies:

Principles of Accounting

NOCTVI 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 those 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, NOCTVI 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 COMPUTER TECHNOLOGY VILLAGE, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - 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 **NOCTVI** are included in this category. **NOCTVI** has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of **NOCTVI** and, therefore, **NOCTVI**'s policy is to record these net assets as unrestricted.
- Temporarily restricted net assets include contributions for which donor imposed 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 June 30, 2003, **NOCTVI** did not have any temporarily restricted or permanently restricted net assets.

NEW ORLEANS COMPUTER TECHNOLOGY VILLAGE, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Equipment

Equipment of **NOCTVI** 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	\$ 52,307
Accumulated depreciation	<u>(27,214)</u>
Equipment, net	<u>\$ 25,093</u>

Donated Services

NOCTVI receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the statement of activities as the fair value of those 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 COMPUTER TECHNOLOGY VILLAGE, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Income Taxes

NOCTVI 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, **NOCTVI** considers all investments purchased with a maturity of three months or less to be cash equivalents. **NOCTVI** had no cash equivalents at June 30, 2004.

NOTE 3 - Note Payable:

The following is a summary of note payable at June 30, 2004:

Note payable to a bank with an interest rate of 7.75% payable upon demand or if no demand is made maturing May 28, 2005	<u>\$35,000</u>
	<u>\$35,000</u>

NOTE 4 - Contingency:

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

NEW ORLEANS COMPUTER TECHNOLOGY VILLAGE, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 - Contributions and Grants:

NOCTVI received contributions and grants from the following organizations during the year ended June 30, 2004:

Contributions

Others	\$ <u>2,625</u>
Total contributions	<u>2,625</u>

Grants

State of Louisiana-Department of Labor	400,000
Jazz Casino Company, LLC- Community Opportunity Prosperity Empowerment Grant	<u>10,000</u>
Total grants	<u>410,000</u>
Total contributions and grants	<u>\$412,625</u>

NOTE 6 - Fair Value of Financial Instruments:

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

NOCTVI considers the carrying amounts of the cash and note payable to be fair value.

NEW ORLEANS COMPUTER TECHNOLOGY VILLAGE, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - Board of Directors Stipends:

Stipends paid to members of the Board of Directors during the year ended June 30, 2004 were as follows:

<u>Board Member</u>	<u>Meetings</u>	<u>Amount</u>
Ms. Claire Burnett	1	\$ 200
Dr. Robert Hall	3	600
Ms. Doris Johnson	3	600
Mr. Willie Thompson	3	600
Mr. Elliot Willard	2	<u>400</u>
		<u>\$2,400</u>

SUPPLEMENTARY INFORMATION

NEW ORLEANS COMPUTER TECHNOLOGY VILLAGE, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Program Services</u>	<u>Support Services</u>	
	<u>Employment and Training</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries and wages	\$137,364	\$ -0-	\$137,364
Payroll taxes and fringes	23,524	-0-	23,524
Professional services	207,940	-0-	207,940
Board stipends	2,400	-0-	2,400
Supplies	10,282	-0-	10,282
Occupancy	31,219	-0-	31,219
Telephone	7,068	-0-	7,068
Depreciation	-0-	11,056	11,056
Repairs and maintenance	6,496	-0-	6,496
Interest and bank charges	-0-	1,909	1,909
Other	<u>2,618</u>	<u>-0-</u>	<u>2,618</u>
 Total expenses	 <u>\$428,911</u>	 <u>\$12,965</u>	 <u>\$441,876</u>

See Independent Auditors' Report on Supplementary Information.



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**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 Computer Technology Village, Inc.

We have audited the financial statements of **New Orleans Computer Technology Village, Inc. (NOCTVI)** as of and for the year ended June 30, 2004, and have issued our report thereon dated October 20, 2004. 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 NOCTVI'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 NOCTVI'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

October 20, 2004

NEW ORLEANS COMPUTER TECHNOLOGY VILLAGE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004

Section I - Summary of Auditors' 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 X No

___ Yes X None Reported

Noncompliance material to financial statements noted?

___ Yes X No

Federal Awards

Not Applicable

Section II - Financial Statement Findings

No matters reported

Section III - Federal Award Findings and Questioned Costs

Not Applicable

**NEW ORLEANS COMPUTER TECHNOLOGY VILLAGE, INC.
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

Section I - Financial Statement Findings

No matters were reported

Section II - Federal Award Findings and Questioned Costs

Not applicable

NEW ORLEANS COMPUTER TECHNOLOGY VILLAGE, INC.

EXIT CONFERENCE

The audit report was discussed at exit conference held November 17, 2004. The individuals in attendance are outlined below. This report is intended solely for the use of the Board of Directors, management and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

NEW ORLEANS COMPUTER TECHNOLOGY VILLAGE, INC.

Mr. Gerald V. Williams	--	Executive Director
Mr. Larry Jones	--	Contractor

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

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