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**Shreveport Community Renewal, Inc.
Shreveport, Louisiana**

Financial Statements With Auditors' Report

For the Years Ended December 31, 1999 and 1998

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 09-27-00

Shreveport Community Renewal, Inc.
Shreveport, Louisiana

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Independent Auditors' Report


To the Board of Directors
Shreveport Community Renewal, Inc.
Shreveport, Louisiana

We have audited the accompanying statements of financial position of Shreveport Community Renewal, Inc. (a nonprofit organization), as of December 31, 1999 and 1998, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Shreveport Community Renewal, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards 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 audits provide 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 Shreveport Community Renewal, Inc., as of December 31, 1999 and 1998, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 23, 2000, on our consideration of Shreveport Community Renewal, Inc.'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.



Cook & Morehart
Certified Public Accountants
August 23, 2000

Shreveport Community Renewal, Inc.
Shreveport, Louisiana
Statements of Financial Position
December 31, 1999 and 1998

Assets	1999	1998
Current assets:		
Cash	\$ 70,048	\$ 51,677
Fixed assets:		
Land	146,500	146,500
Office furniture	37,838	32,439
Residential houses and improvements	328,460	293,978
Vehicles	58,190	56,990
Leasehold improvements	1,572	1,572
	572,560	531,479
Less accumulated depreciation	(77,922)	(51,166)
Net fixed assets	494,638	480,313
Total assets	\$ 564,686	\$ 531,990
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 27,086	\$ 8,078
Line of credit	49,835	45,000
Current portion of long-term debt	41,185	124,051
Total current liabilities	118,106	177,129
Long-term debt, less current portion	82,892	
Total liabilities	200,998	177,129
Net assets:		
Unrestricted	323,688	339,861
Temporarily restricted	40,000	15,000
Total net assets	363,688	354,861
Total liabilities and net assets	\$ 564,686	\$ 531,990

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

Shreveport Community Renewal, Inc.
 Shreveport, Louisiana
 Statement of Activities
 For the Year Ended December 31, 1999

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support:			
Contractual revenue - grants	\$ 167,310	\$	\$ 167,310
Contributions	486,900	40,000	526,900
Interest income	128		128
Net assets released from restrictions:			
Satisfaction of restrictions	15,000	(15,000)	
Total revenues and other support	669,338	25,000	694,338
Expenses:			
Program services:			
Internal care unit program	244,409		244,409
Internal care unit development	102,557		102,557
Neighborhood ambassador program	4,551		4,551
Haven House program	19,614		19,614
Mission development	13,714		13,714
Total program services	384,845		384,845
Supporting services:			
General and administrative	300,666		300,666
Total expenses	685,511		685,511
Change in net assets	(16,173)	25,000	8,827
Net assets as of beginning of year	339,861	15,000	354,861
Net assets as of end of year	\$ 323,688	\$ 40,000	\$ 363,688

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

Shreveport Community Renewal, Inc.
 Shreveport, Louisiana
 Statement of Activities
 For the Year Ended December 31, 1998

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support:			
Contractual revenue - grants	\$ 297,591	\$	\$ 297,591
Contributions	344,171	15,000	359,171
Interest income	2,619		2,619
	644,381	15,000	659,381
Expenses:			
Program services:			
Internal care unit program	255,714		255,714
Internal care unit development	94,467		94,467
Neighborhood ambassador program	20,757		20,757
	370,938		370,938
Supporting services:			
General and administrative	254,397		254,397
	625,335		625,335
Change in net assets	19,046	15,000	34,046
Net assets as of beginning of year	320,815		320,815
Net assets as of end of year	\$ 339,861	\$ 15,000	\$ 354,861

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

Shreveport Community Renewal, Inc.
 Shreveport, Louisiana
 Statement of Functional Expenses
 For the Year Ended December 31, 1999

	Program Services				Total			
	Internal Care Unit	ICU Development	Neighborhood Ambassador	Haven House	Mission Development	Program Services	General and Administrative	Total Expenses
Personnel	\$ 123,143	\$ 33,943	\$ 3,583	\$ 17,333	\$ 12,200	\$ 190,202	\$ 129,583	\$ 319,785
Payroll taxes and fringe benefits	23,609	5,413	625	153	1,259	31,059	32,128	63,187
Professional fees		60,000				60,000	19,945	79,945
Contract labor	550					550	16,117	16,667
Rent							10,314	10,314
Utilities	8,017			226		8,243	918	9,161
Repairs and maintenance	15,176	35	317	1,266		16,794	5,533	22,327
Interest expense	9,363					9,363	4,342	13,705
Telephone	1,281	747		68		2,096	4,820	6,916
Travel and seminars		1,811	13	16	80	1,920	9,810	11,730
Special events	18,572					18,572		18,572
Security	2,089					2,089		2,089
Business meals							1,211	1,211
Supplies and office expense	10,478	608	13	502	175	11,776	8,469	20,245
Postage				50		50	15,534	15,584
Printing and copying							20,412	20,412
Insurance	11,974					11,974	7,755	19,729
Depreciation	19,781					19,781	6,975	26,756
Other	376					376	6,800	7,176
Total	\$ 244,409	\$ 102,557	\$ 4,551	\$ 19,614	\$ 13,714	\$ 384,845	\$ 300,666	\$ 685,511

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

Shreveport Community Renewal, Inc.
Shreveport, Louisiana

Statement of Functional Expenses
For the Year Ended December 31, 1998

	Program Services			Total	General and Administrative	Total
	Internal Care Unit	!CU Development	Neighborhood Ambassador			
Personnel	\$ 136,536	\$ 32,712	\$ 18,417	\$ 187,665	\$ 138,213	\$ 325,878
Payroll taxes and fringe benefits	21,775	3,797	1,763	27,335	13,369	40,704
Professional fees	6,594	55,000		55,000	7,999	62,999
Contract labor				6,594	870	7,464
Rent					10,827	10,827
Utilities	7,567	126		7,693	1,890	9,583
Computer expense					4,018	4,018
Repairs and maintenance	15,568	497	434	16,499	5,341	21,840
Interest expense	2,572			2,572	5,172	7,744
Telephone	566	964		1,530	2,630	4,160
Travel and seminars	13,608	1,291	100	14,999	2,724	17,723
Business meals					3,413	3,413
Supplies and office expense	11,526	80	43	11,649	10,601	22,250
Postage					10,745	10,745
Printing and copying					21,507	21,507
Insurance	15,773			15,773	2,510	18,283
Depreciation	21,730			21,730	5,733	27,463
Other	1,899			1,899	6,835	8,734
Total	\$ 255,714	\$ 94,467	\$ 20,757	\$ 370,938	\$ 254,397	\$ 625,335

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

Shreveport Community Renewal, Inc.
Shreveport, Louisiana
Statements of Cash Flows
For the Years Ended December 31, 1999 and 1998

Operating activities	1999	1998
Change in net assets	\$ 8,827	\$ 34,046
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	26,756	27,463
Increase (decrease) in operating liabilities		
Accounts payable	19,008	4,178
Net cash provided by operating activities	54,591	65,687
Investing Activities		
Payments for fixed assets	(41,081)	(180,499)
Net cash used in investing activities	(41,081)	(180,499)
Financing Activities		
Proceeds from line of credit	40,331	71,000
Payments on line of credit	(35,316)	(34,577)
Proceeds from long-term debt	55,000	90,125
Payments on long-term debt	(55,154)	(27)
Net cash provided by financing activities	4,861	126,521
Net increase in cash	18,371	11,709
Cash as of beginning of year	51,677	39,968
Cash as of end of year	\$ 70,048	\$ 51,677

Interest expense paid during the years ended December 31, 1999 and 1998 was \$13,705 and \$7,744, respectively.

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

Shreveport Community Renewal, Inc.
Shreveport, Louisiana
Notes to Financial Statements
December 31, 1999 and 1998

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Shreveport Community Renewal, Inc., (SCR), is a private nonprofit organization incorporated under the laws of the State of Louisiana.

The SCR's bylaws indicate that its primary purpose is to rebuild the system of caring relationships necessary to restore a safe, loving, and nurturing community.

The following program services are included in the accompanying financial statements:

Internal Care Unit – A strategy of SCR that restores disintegrating neighborhoods by moving leaders to live in the neighborhood to establish Friendship Houses that provide structured programs for children and youth and serve as catalysts to link the neighborhood residents with resources in the community and rebuild the capacity of the neighborhood.

Internal Care Unit Development – Development and coordination of the programs of the Internal Care Units. Planning and utilization of technology to benefit the neighborhoods through innovative applications for the children, youth and adults involved in the SCR programs.

Neighborhood Ambassador – Builds trust and relationships in the neighborhoods as the Internal Care Unit programs are established and recruits volunteers from the neighborhood to assist the Internal Care Unit programs and become involved as volunteer Haven House leaders.

Haven House – A program designed to train leaders to make “community” on their block. Leaders meet to reinforce their role as leaders, share resources and develop increased understanding of the larger community and the problems and aspirations of people from all races and faiths.

Mission Development – Composed of clusters of churches in neighborhoods collaborating in new ways and interacting as a vital part of building relationships through a renewed spirit of cooperation and a desire to minister to the neighborhoods in which they are located.

B. Basis of Accounting

The financial statements of SCR have been prepared on the accrual basis of accounting.

(Continued)

Shreveport Community Renewal, Inc.
Shreveport, Louisiana
Notes to Financial Statements
December 31, 1999 and 1998
(Continued)

C. Basis of Presentation

Financial statement presentation follows the recommendations of the 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.

D. Income Tax Status

SCR is a non-profit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to SCR's tax-exempt purpose is subject to taxation as unrelated business income. SCR had no such income for this audit period.

E. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, SCR considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

G. Fixed Assets

Fixed assets are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line and accelerated methods over the estimated useful life of the assets as follows:

Office furniture and equipment	5 – 10 years
Residential houses and improvements	10 – 40 years
Vehicles	5 years
Leasehold improvements	10 years

(Continued)

Shreveport Community Renewal, Inc.
 Shreveport, Louisiana
 Notes to Financial Statements
 December 31, 1999 and 1998
 (Continued)

H. Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is 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.

I. Retirement Obligations

The employees of SCR are members of the Social Security System. There are no other retirement plans available through SCR.

J. 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.

(2) Concentrations of Credit Risk

Financial instruments that potentially subject SCR to concentrations of credit risk consist principally of temporary cash investments. SCR maintains cash balances at three financial institutions. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At December 31, 1999 and 1998, all cash balances were completely insured by FDIC insurance.

(3) Line of Credit

SCR has a line of credit at a local bank with an interest rate of 9.00% and 8.25% at December 31, 1999 and 1998, respectively. The loan is unsecured. Balances at December 31, 1999 and 1998 are as follows:

	1999	1998
Line of credit limit	\$ 50,000	\$ 50,000
Outstanding loan balance	\$ 49,835	\$ 45,000

(Continued)

Shreveport Community Renewal, Inc.
 Shreveport, Louisiana
 Notes to Financial Statements
 December 31, 1999 and 1998
 (Continued)

(4) Long-Term Debt

SCR had the following long-term debt at December 31, 1999 and 1998:

	1999	1998
Mortgage payable to a bank, with a variable interest rate; 12 installments of interest only and one final payment consisting of the principal and accrued interest due on July 1, 1999; secured by a residential house and land.	\$	\$ 14,078
Mortgage payable to a bank, with a variable interest rate; 12 installments of interest only and one final payment consisting of the principal and accrued interest due on October 1, 1999; secured by a residential house and land.		19,973
Mortgage payable to a bank, with an 8.9% interest rate; 119 installments of principal and interest of \$1,141 and one final payment consisting of the principal and accrued interest due on October 25, 2009; secured by a residential house and land.	89,077	90,000
Note payable to a bank, with a 9.25% interest rate, due on February 10, 2000. This note is unsecured.	20,000	
Note payable to a bank, with a 9.5% interest rate, due on February 27, 2000. The note is unsecured.	15,000	
Total long-term debt	\$ 124,077	\$ 124,051
Current portion of long-term debt	(41,185)	(124,051)
Long-term portion	\$ 82,892	\$

(Continued)

Shreveport Community Renewal, Inc.
 Shreveport, Louisiana
 Notes to Financial Statements
 December 31, 1999 and 1998
 (Continued)

Approximate maturities of long-term debt at December 31, 1999 are summarized as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2000	\$ 41,185
2001	6,562
2002	7,171
2003	7,835
2004	8,562
2005 and after	<u>52,762</u>
	<u>\$ 124,077</u>

(5) Temporarily Restricted Net Assets

The temporarily restricted net assets represent donations received for specific purposes which were not expended at December 31, 1999 and 1998.

(6) Contractual Revenue – Grants

During the years ended December 31, 1999 and 1998, SCR received revenue under contractual arrangements as follows:

	<u>1999</u>	<u>1998</u>
City of Shreveport	\$ 150,000	\$ 250,000
City of Shreveport – CDBG	4,110	32,236
City of Shreveport – Weed and Seed		15,355
Louisiana Community Policing Grants	<u>13,200</u>	
	<u>\$ 167,310</u>	<u>\$ 297,591</u>

The continued existence of these contracts are based on contractual renewals.

(7) Leases

SCR leases certain office space under an operating lease. Rental costs for this lease for the year ended December 31, 1999 and 1998 were \$10,200 and \$9,350, respectively. There were no leases that have remaining terms in excess of one year.

COOK & MOREHART

Certified Public Accountants

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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
Shreveport Community Renewal, Inc.
Shreveport, Louisiana

We have audited the financial statements of Shreveport Community Renewal, Inc. as of and for the year ended December 31, 1999, and have issued our report thereon dated August 23, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 the Shreveport Community Renewal, Inc.'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 statement amounts. However, providing an opinion on compliance with these 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*. However, we noted a certain matter of noncompliance, which we have reported to management of Shreveport Community Renewal, Inc., in a separate management letter dated August 23, 2000.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Shreveport Community Renewal, Inc.'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. However, we noted other matters involving the internal control over financial reporting which we have reported to management of Shreveport Community Renewal, Inc., in a separate management letter dated August 23, 2000.

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

A handwritten signature in black ink that reads "Cook & Morehart". The signature is written in a cursive style with a long horizontal line extending to the right from the end of the name.

Cook & Morehart
Certified Public Accountants
August 23, 2000

Shreveport Community Renewal, Inc.
Shreveport, Louisiana
Summary Schedule of Audit Findings
Schedule for Louisiana Legislative Auditor
December 31, 1999

Summary Schedule of Prior Audit Findings

There were no findings or management letter comments for the prior year ended December 31, 1998.

Corrective Action Plan for Current Year Audit Findings

Management Letter Comments

Comment #1: Payroll Transactions Approval

SCR has designated the Director of Programs to approve the payroll of all employees.

Comment #2: Documentation of Credit Card Purchases

SCR employees with credit cards will turn them in to the Director of Administration. The credit cards will be used for hotel and airplane reservations.

Comment #3: Late Submission of Audit Report

SCR and Cook & Morehart CPAs will work to have the 2000 audit completed by June 30, 2001.

COOK & MOREHART

Certified Public Accountants

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Management Letter

August 23, 2000

Board of Directors
Shreveport Community Renewal, Inc.

We have audited the financial statements of Shreveport Community Renewal, Inc. (SCR), for the year ended December 31, 1999 and 1998, and have issued our report thereon dated August 23, 2000. In planning and performing our audit of the financial statements of Shreveport Community Renewal, Inc., we considered its 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.

During our audit the following items were noted involving internal control over financial reporting and other operational matters which appear to merit your attention for consideration to improve the internal control over financial reporting or operations of the Shreveport Community Renewal, Inc.

Comment #1: Payroll Transactions Approval

During our audit of the year ended December 31, 1999, we determined that SCR did not utilize time sheets—time records for payroll preparation on full-time employees.

We recommend that payroll transactions be prepared upon time records approved by designated supervisors of SCR for all employees.

Comment #2: Documentation of Credit Card Purchases

SCR currently provides two employees with credit cards for business purposes. We noted during our audit that it was sometimes difficult to determine the business purpose for the credit card purchases.

We recommend all employees with credit cards provide a summation – analysis of all charges on their individual SCR credit cards detailing the business purpose of the charge. This should be done each month before the credit card bill is paid.

Comment #3: Late Submission of Audit Report

SCR did not submit its audit report for the year ended December 31, 1999 within six months of its year end as required by state law.

We recommend that SCR make every effort necessary to complete and submit its audit within six months after year end.

We express sincere thanks to the Shreveport Community Renewal, Inc. personnel for the cooperation and assistance provided us during our audit. We are available to provide you assistance and consultation in the implementation of the above mentioned items. This letter is furnished solely for the use of management and the Board of Directors and is not intended to be used for any other purpose.

A handwritten signature in cursive script, appearing to read "Cook & Morehart", with a long horizontal flourish extending to the right.

Cook & Morehart
Certified Public Accountants