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URBAN SUPPORT AGENCY, INC.
FINANCIAL STATEMENTS
JUNE 30, 2005

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 2/14/07

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Urban Support Agency, Inc.
Shreveport, Louisiana

I have audited the accompanying statement of financial position of Urban Support Agency, Inc. (a nonprofit organization) as of June 30, 2005, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Urban Support Agency, Inc. as of June 30, 2005, 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.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 2, 2006, on my consideration of Urban Support Agency, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. 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 my audit.



Baton Rouge, Louisiana
December 2, 2006

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Urban Support Agency, Inc.
Shreveport, Louisiana

I have audited the financial statements of Urban Support Agency, Inc. (a nonprofit organization) as of and for the year ended June 30, 2005, and have issued my report thereon dated December 2, 2006. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Urban Support Agency, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Urban Support Agency, Inc.'s financial statements are free of material misstatement, I 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 those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*. This instance is described in the accompanying schedule of findings and questioned costs as item B-1.

This report is intended solely for the information and use of the board of directors and management of Urban Support Agency, Inc., the State of Louisiana Governor's Department of Urban Affairs and Development, the Louisiana State Treasury, the Louisiana Department of Education, 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.

A handwritten signature in black ink, appearing to be 'C. J. ...', written over a horizontal line.

Baton Rouge, Louisiana
December 2, 2006

URBAN SUPPORT AGENCY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2005

ASSETS

Current assets

Cash	\$ 12,521
Grant receivable	<u>18,814</u>

Total current assets	<u>31,336</u>
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Property and equipment

Property and equipment	<u>5,227</u>
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Total property and equipment	<u>5,227</u>
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TOTAL ASSETS	<u>\$ 36,563</u>
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LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$ 334
Accrued expenses	<u>23,495</u>

Total current liabilities/liabilities	<u>23,829</u>
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NET ASSETS

Net assets

Unrestricted	<u>12,735</u>
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Total net assets	<u>\$ 12,735</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 36,563</u>
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The accompanying notes are an integral part of this financial statement.

URBAN SUPPORT AGENCY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

UNRESTRICTED NET ASSETS

REVENUES AND SUPPORT

Grant income	\$ <u>220,000</u>
Total revenues and support	<u>220,000</u>

EXPENSES

Program services expenses	
Academic, enrichment, and recreational activities	21,078
After school tutorial	122,470
School and community support	<u>19,398</u>
Total program services	<u>162,946</u>
Supporting services expenses	
Management and general	<u>59,151</u>
Total expenses	<u>222,097</u>

Change in unrestricted net assets	(2,097)
Net assets at beginning of year	<u>14,832</u>
Net assets at end of year	<u>\$ 12,735</u>

The accompanying notes are an integral part of this financial statement.

URBAN SUPPORT AGENCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Program Services</u>			<u>Total Program Services</u>	<u>Supporting Services Management and General</u>	<u>Total</u>
	<u>Urban</u>	<u>TANF</u>	<u>Appropriations</u>			
Personnel	\$ 19,315	\$ 93,666	\$ 15,356	128,337	\$ 26,113	154,450
Fringes	1,763	9,718	1,886	13,367	2,215	15,582
Other expenses	-	-	-	-	2,800	2,800
Operating expenses	-	-	-	-	1,827	1,827
Professional/technical services	-	2,104	-	2,104	12,659	14,764
Property services	-	4,809	-	4,809	7,631	12,440
Other services	-	5,581	-	5,581	4,140	9,721
Supplies	-	5,893	2,156	8,049	312	8,361
Travel	-	700	-	700	947	1,646
Depreciation	-	-	-	-	506	506
	<u>\$ 21,078</u>	<u>\$ 122,470</u>	<u>\$ 19,398</u>	<u>\$ 162,946</u>	<u>\$ 59,151</u>	<u>\$ 222,097</u>

The accompanying notes are an integral part of this financial statement.

**URBAN SUPPORT AGENCY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2005**

Cash flows from operating activities	
Change in unrestricted net assets	\$ (2,097)
Adjustments to reconcile change in unrestricted net assets to net cash provided (used) by operating activities	
Depreciation	506
(Increase) decrease in grants receivable	6,433
Increase (decrease) in accounts payable	(6,794)
Increase (decrease) in accrued expenses	<u>10,415</u>
 Total adjustments	 <u>10,561</u>
 Net cash provided (used) by operating activities	 <u>8,464</u>
 Cash flows from investing activities	
Purchases of property and equipment	<u>(984)</u>
 Net cash provided (used) by investing activities	 <u>(984)</u>
 Net increase (decrease) in cash	 7,480
 Cash at beginning of year	 <u>5,042</u>
 Cash at end of year	 <u>\$ 12,521</u>

Supplemental Disclosures

Cash paid during the year for:

Interest	-
Income taxes	-

The accompanying notes are an integral part of this financial statement.

URBAN SUPPORT AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounts and Grants Receivable

Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

Basis of Accounting

The financial statements of Urban Support Agency, Inc. 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 (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.

Cash and Cash Equivalents

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

Concentration of Contributions or Grants

Approximately 100% of the Organization's funding is provided from grants with the State of Louisiana.

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.

Expense Allocation
(Functional expenses)

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

URBAN SUPPORT AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Agency 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).

Nature of Activities

Urban Support Agency, Inc. was created as a nonprofit corporation in July 1996 to provide tutoring and housing-related services to targeted persons or families in need. The organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Property and Equipment

All acquisitions of property and equipment in excess of \$250 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the assets as follows:

Furniture	10 years
Office equipment	10 years

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.

FINANCIAL INSTRUMENTS

Fair Values of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents—Fair value approximates carrying value due to the initial maturities of the instruments being three months or less.

The estimated fair values of the Agency's financial instruments at June 30, 2005 are as follows:

	Carrying Amount	Fair Value
Financial assets:		
Cash and cash equivalents	\$12,521	\$12,521

URBAN SUPPORT AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

LEASES

Operating Leases

The Agency has several month-to-month noncancelable operating leases for office space. Rental expense for those leases consisted of \$11,325 for the year ended June 30, 2005.

NONCOMPLIANCE WITH GRANTOR OR DONOR RESTRICTIONS

Financial awards from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Agency 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.

PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Furniture	\$ 366
Office equipment	<u>5,595</u>
	5,961
Accumulated depreciation	<u>(734)</u>
	<u>\$ 5,227</u>

URBAN SUPPORT AGENCY, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2005

A. Summary of audit results:

1. The independent auditor's report expressed an unqualified opinion on the financial statements of Urban Support Agency, Inc. as of and for the year ended June 30, 2005.
2. No material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. One instance of noncompliance material to the financial statements of Urban Support Agency, Inc. is reported at section B-1 in this schedule.

B. Noncompliance finding:

Criteria – Louisiana Revised Statute 24:513 requires all quasi-public entities to complete an audit of the entity's financial statements and transmit the audited financial statements to the Legislative Auditor within six months of the close of the entity's fiscal year.

Condition – Urban Support Agency, Inc. did not submit its annual audited financial statements to the Legislative Auditor by December 31, 2005, which is six months after the close of its fiscal year ended June 30, 2005.

Effect – The organization is not in compliance with Louisiana Revised Statute 24:513.

Recommendation – The organization should schedule future audits in such a manner that it will be able to comply with Louisiana Revised statute 24:513.

Management's response – The board of directors and management of Urban Support Agency, Inc. are committed to meeting the reporting deadline of December 31, 2006, for its June 30, 2006, audit.

URBAN SUPPORT AGENCY, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2005

No prior year findings were noted, therefore, no comment is deemed necessary.