

NEW ORLEANS COMMUNITY ENHANCEMENT, INC.
NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2000

BERNARD W. MONDRIE
Certified Public Accountant
A Professional Corporation

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 District Clerk's Office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/24/02

NEW ORLEANS COMMUNITY ENHANCEMENT, INC.
NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2001

CONTENTS

<u>INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS</u>	<u>1</u>
<u>FINANCIAL STATEMENTS</u>	
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
<u>NOTES TO FINANCIAL STATEMENTS</u>	<u>6-9</u>
<u>REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS</u>	<u>8</u>
<u>SUMMARY OF FINDINGS, CONCLUSIONS, CAUSES, AND RECOMMENDATIONS AND MANAGEMENT'S RESPONSE</u>	<u>9</u>

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A Professional Corporation

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Board of Directors
New Orleans Community Enhancement, Inc.
New Orleans, Louisiana

We have audited the accompanying statements of financial position of New Orleans Community Enhancement, Inc. (a not for profit organization) as of June 30, 2001, and the related statements of activities, functional expenses, and cash flows for the period then ended. These financial statements are the responsibility of New Orleans Community Enhancement, Inc.'s Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As shown in the financial statements, the Organization has significant payroll tax liabilities that are outstanding as of June 30, 2001. This factor, as disclosed in Note 2, raises substantial doubt about the Organization's ability to continue as a going concern. Management's plans in this regard are also described in Note 2. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Because of the significance of the uncertainty described in the preceding paragraph, we are not able to express, and we do not express an opinion on the financial statements referred to in the first paragraph.

In accordance with Government Auditing Standards, we have also issued our report dated April 9, 2002, on our consideration of New Orleans Community Enhancement, Inc.'s internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.



Desiree W. Hansard
April 9, 2002

NEW ORLEANS COMMUNITY ENHANCEMENT, INC.
(A NONPROFIT ORGANIZATION)
NEW ORLEANS, LOUISIANA

STATEMENT OF FINANCIAL POSITION
PERIOD ENDED JUNE 30, 2001

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$11,060	
Accounts Receivable	26,714	
Prepaid Expenses	278	
Total current assets		38,051

PROPERTY AND EQUIPMENT

Furniture and Equipment	23,249	
Leasehold Improvements	19,877	
	(7,740)	
Total property and equipment		35,386

Total assets	\$73,436
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$5,900	
Payroll taxes payable	17,332	
Total current liabilities		23,232

NET ASSETS - UNRESTRICTED

50,205	50,205
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Total liabilities and net assets	<u>\$73,436</u>
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The accompanying notes are an integral part of this statement.

NEW ORLEANS COMMUNITY ENHANCEMENT, INC.
 (A NONPROFIT ORGANIZATION)
 NEW ORLEANS, LOUISIANA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
PERIOD ENDED JUNE 30, 2001

SUPPORT AND REVENUE

Grant from Governor's Office of Urban Affairs and Development	\$105,855
Louisiana Stadium Exposition District	102,880
Jazz Casino Company	5,000
Interest Income	1,057
Total support and revenue	215,792

EXPENSES

Program services	
Urban Affairs	\$4,181
Louisiana Stadium Exposition District	101,466
Administration	7,740
Total Expenses	145,598

CHANGE IN NET ASSETS \$6,204

Net assets - beginning of period 0

Net assets - end of period \$6,204

The accompanying notes are an integral part of this statement.

NEW ORLEANS COMMUNITY ENHANCEMENT, INC.
 A NONPROFIT ORGANIZATION
 NEW ORLEANS, LOUISIANA

STATEMENT OF CASH FLOWS
 PERIOD ENDED JUNE 30, 2001

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	\$90,204
Adjustments to reconcile increase in net assets to net cash used by operating activities:	
Depreciation	3,740
(Increase) decrease in operating assets:	
Accounts Receivable	(26,714)
Prepaid Expenses	(278)
Increase in operating liabilities:	
Accounts Payable	5,900
Payroll Liabilities	17,333
Net cash provided by operating activities	94,185
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisitions of property and equipment	(43,115)
Net cash provided by investing activities	(43,115)
INCREASE IN CASH	11,060
CASH AND CASH EQUIVALENTS - beginning of period	0
CASH AND CASH EQUIVALENTS - end of period	<u>\$11,060</u>

The accompanying notes are an integral part of this statement.

NEW ORLEANS COMMUNITY ENHANCEMENT, INC.
(A NONPROFIT ORGANIZATION)
NEW ORLEANS, LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES
PERIOD ENDED JUNE 30, 2001

	Total	Urban Affairs	LEED
ADMINISTRATIVE			
Salaries and wages	46,886	34,360	20,504
Payroll taxes	3,648	2,072	1,569
Insurance	3,525	-	3,525
Postage	46	46	-
Professional Services	4,302	3,802	1,500
Rent	15,800	7,200	8,400
Supplies	2,977	6,225	1,732
Utilities	4,184	1,362	2,472
PROGRAM EXPENSES			
Salaries and wages	32,051	32,051	15,000
Payroll taxes	3,982	2,834	1,148
Therapeutic and training supplies	5,760	3,678	2,072
Tutorial Services	9,903	2,403	2,500
Total expenses before depreciation	152,848	97,456	60,382
Depreciation	2,740	121	2,619
Total Expenses	<u>\$155,588</u>	<u>\$97,577</u>	<u>\$62,001</u>

The accompanying notes are an integral part of this statement.

**NEW ORLEANS COMMUNITY ENHANCEMENT, INC.
(A NOT FOR PROFIT ORGANIZATION)
NEW ORLEANS, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001**

1. Summary of Significant Accounting Policies

a. Operations

New Orleans Community Enhancement, Inc. (NOCE) provides after school tutorial instruction with homework assistance, math and reading enrichment, and development of computer skills to children in grades three through twelve. The organization conducts workshops on drug awareness. NOCE is dedicated to providing educational, tutoring, cultural enrichment, counseling, and related services to "at risk" youths. Additionally, NOCE offers computer literacy classes for adults and senior citizens. Funds for NOCE's activities are provided by the Governor's Office on Urban Affairs of the State of Louisiana, the Louisiana Stadium Exposition District, and a grant from Jazz Casino Corporation.

b. Basis of Preparation

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 in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The organization had no temporarily or permanently restricted net assets as of June 30, 2001.

c. Revenue Recognition

New Orleans Community Enhancement, Inc. receives substantially all of its grant and contract revenue from governmental agencies. Revenue is recognized when services are provided. Expenses are recognized as incurred.

Any of the funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by NOCE, Inc. Within the terms of the grants and contracts, any of the funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both as a result of non-compliance by New Orleans Community Enhancement, Inc.

d. Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. NOCE has not received any contributions with donor imposed restrictions that would result in temporarily or permanently restricted net assets.

NEW ORLEANS COMMUNITY ENHANCEMENT, INC.
(A NOT FOR PROFIT ORGANIZATION)
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2001

c. Property and Equipment

Property and equipment are recorded at cost. Expenditures for maintenance, repairs, and minor renewals are charged against earnings as incurred. Major expenditures for newlands and betterments are capitalized. When items are retired or otherwise disposed of, the cost of the asset and the related accumulated depreciation are removed from the books. Any resulting gain or loss is credited to or charged against income. Depreciation is provided in amounts sufficient to retire the cost of depreciable assets to operations over their estimated service lives (25 years for building and improvements, 3-7 years for furniture and equipment, and 3 years for vehicles), using straight-line method.

d. Income Taxes

The Organization is a nonprofit organization that is exempt from federal income taxation under Section 501 (c) (3) of the Internal Revenue Code.

e. Cash and Cash Equivalents

Cash and cash equivalents consist of items having maturities of three months or less from the date of acquisition.

f. Concentrations of Credit Risk

The Organization maintains its cash balances in financial institutions located in New Orleans, Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$ 100,000.

2. Going Concern Uncertainty

The Organization has outstanding payroll tax liabilities of \$ 17,132 as of June 30, 2001. Management is taking measures to cut administrative costs and re-determine the actual amount of payroll taxes, penalties, and interest due. Management intends to seek outside financing in order to repay all payroll obligations and obtain waivers, where applicable, of any assessed penalties.

Desiree W. Honoré, CPA

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A Professional Corporation

**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 Community Enhancement, Inc.

We have audited the financial statements of New Orleans Community Enhancement, Inc. for the period ended June 30, 2001 and have issued our report thereon dated April 9, 2002. We have 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 New Orleans Community Enhancement, 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 the financial statement 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 instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered New Orleans Community Enhancement, 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 susceptible condition in which the design or operation of one or more the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Directors, Management, Office of the Legislative Auditor, Governor's Office on Urban Affairs, and other oversight agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.


Desiree W. Honoré
Zachary, Louisiana
April 9, 2002

NEW ORLEANS COMMUNITY INSURANCE, INC.
(A NOT FOR PROFIT ORGANIZATION)
NEW ORLEANS, LOUISIANA

SUMMARY OF FINDINGS, CONCLUSIONS, CAUSES
AND RECOMMENDATIONS AND MANAGEMENT'S RESPONSE
PERIOD ENDING JUNE 30, 2001

Detail No.	Description Of Exception	Amount
1	<p>Payroll tax liabilities have not been timely reported or remitted to the various taxing authorities.</p> <p>Management is in the process of determining the actual amount of payroll taxes, and related penalties and interest, presently outstanding; and is seeking outside financing in order to timely pay these obligations. In addition, Management intends to request waivers of any penalties assessed from the applicable taxing authorities.</p>	<u>\$112,162</u>
2	<p>Last Audit Report- Report is being submitted after the statutory and contract required date of December 31, 2001 in accordance with Louisiana Revised Statute 24:513.</p> <p>The Organization did not have all financial information available in a timely manner for the auditor's review. Management acknowledged this was due to personnel turnover of the entire administrative staff.</p>	
NOTE:	<p>The above findings and conclusions, as well as the audit reports and audited financial statements, were discussed with Mr. Tim Riggs, Executive Director, who concurred with our findings, conclusions, and recommendations.</p>	

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A Professional Corporation

To the Board of Directors of New Orleans Community Enhancement, Inc.
and Mr. Tim Dixon, Executive Director.

In planning and performing our audit of the financial statements of New Orleans Community Enhancement, Inc. for the period ended June 30, 2003, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated April 9, 2003, on the financial statements of New Orleans Community Enhancement, Inc.

We review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Organization 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. Our comments are summarized as follows:

Payroll tax returns: The Organization did not file payroll tax forms in a timely manner and did not pay the liabilities for several payroll transactions. The Organization also erroneously reported payroll amounts for some of these firms that were filed. It is suggested that the Organization carefully review and monitor future expenditures to be certain that funds are available for payment of tax liabilities. It is also recommended that all firms be corrected and filed properly with the appropriate tax authority. Since a majority of these liabilities occurred prior to the tenure of the current Executive Director, it is likely that the tax authorities will be more lenient in abatement of penalties and interest if desired.

Late Audit Report: The Organization is required to submit under L.A. Revised Statute 24:513 an audit report to the Louisiana Legislative Auditor six months after the close of the fiscal year. The organization did not submit to our firm, in a timely manner, the required information needed to perform the audit. It is suggested that the organization reviews its record keeping procedures so as to be able to make available all required records.

We appreciate the assistance of Mr. Mark Williams and Mr. Tim Dixon during this audit.

This report is intended solely for the information and use of the Board of Directors of New Orleans Community Enhancement, Inc., management, the Louisiana Legislative Auditor, and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.



April 9, 2003



NEW ORLEANS COMMUNITY ENHANCEMENT CENTER

BOARD MEMBERS

Christian Barco
President

Barbara Dychard
Secretary/Treasurer

Joann Geringer

Nyquisha Randolph-Parris

Clarence Williams

Damon Williams

April 12, 2000

Mr. Stephen Henson, CPA
426-H Parker Plaza Court
Zachary, Louisiana 70791

Dear Mr. Henson:

New Orleans Community Enhancement, Inc. is in receipt of your letter dated April 9, 2000.

In response to your finding of unpaid tax liabilities having not been filed or reported in a timely fashion, the Center has prepared all of the appropriate forms and will be filing the returns promptly. To pay the outstanding tax debt, the Center will have a fundraiser within the next three months.

In addition, we realize that the information required by you to complete the 2000-2001 Audit was not submitted to you in a timely fashion. Please realize that a large portion of the delay stemmed from misplacement and/or mislabeled records by the previous administration. We apologize for the delay.

Since that time, as all organizational personnel have been replaced. Please be assured that these types of errors will not occur again.

Should you have any questions of me, I can be reached at 504-340-1400.

Sincerely,

Tim M. Dixon
Executive Director

5417 Greater Boulevard, New Orleans, Louisiana 70117
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