

**NEW ORLEANS COMMUNITY ENHANCEMENT, INC.  
NEW ORLEANS, LOUISIANA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2002**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the courts and other appropriate public officials. This report is available for public inspection at the Clerk's Office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/22/03

**BETHLEE W. HONORE**  
Certified Public Accountant  
A Professional Corporation

NEW ORLEANS COMMUNITY ENHANCEMENT, INC.  
NEW ORLEANS, LOUISIANA  
FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2001

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A Professional Corporation

**INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS**

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

I have audited the accompanying statements of financial position of New Orleans Community Enhancement, Inc. (a not for profit organization) as of June 30, 2002, 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. 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 accounts 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. I believe that my audit provides a reasonable basis for my opinion.

As shown in the financial statements, the Organization has significant payroll tax liabilities that are outstanding as of June 30, 2002. This factor, as disclosed in Note 1, 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 1. 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, I am not able to express, and I do not express an opinion on the financial statements referred to in the first paragraph.

In accordance with Government Auditing Standards, I have also issued my report dated December 16, 2002, on my consideration of New Orleans Community Enhancement, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

  
Baton Rouge, Louisiana  
December 16, 2002

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

**STATEMENT OF FINANCIAL POSITION**

**YEAR ENDED JUNE 30, 2000**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$68,200	
Accounts Receivable	8,100	
Prepaid Expenses	<u>2,400</u>	
Total current assets		<u>\$78,700</u>

**PROPERTY AND EQUIPMENT**

Furniture and Equipment	23,240	
Leasehold Improvements	18,877	
Less: Accumulated Depreciation	<u>(15,874)</u>	
Total property and equipment		<u>27,183</u>

Total assets		<u>\$97,013</u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	\$33,744	
Payroll taxes payable	<u>25,484</u>	
Total current liabilities		<u>59,229</u>

**NET ASSETS - UNRESTRICTED**

	37,783	
		<u>37,783</u>

Total liabilities and net assets		<u>\$97,013</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**

**YEAR ENDED JUNE 30, 2002**

**SUPPORT AND REVENUE**

Grant from Governor's Office of Urban Affairs and Development	\$122,000
Grant from Department of Education (TAHF)	\$52,148
Louisiana Stadium Exposition District	20,000
Other:	
Estery Charitable Foundation	3,340
City of New Orleans	4,750
Jazz Enterprises	640
Donations	2,876
Interest income	124
<b>Total support and revenue</b>	<b><u>205,440</u></b>

**EXPENSES**

Program services:	
Urban Affairs	140,870
Louisiana Stadium Exposition District	13,816
Department of Education	47,144
Other	891
Administration	6,224
<b>Total Expenses</b>	<b><u>210,950</u></b>

**CHANGE IN NET ASSETS** **(15,420)**

**Net assets - beginning of period** **50,208**

**Net assets - end of period** **\$34,788**

The accompanying notes are an integral part of this statement.

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

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDING JUNE 30, 2002**

	Total	Urban Affairs	Temp	EDD	Other
<b>ADMINISTRATIVE</b>					
Salaries and wages	9,870	9,870	-	-	-
Employee benefits	594	594	-	-	-
Payroll taxes	768	768	-	-	-
Insurance	2,303	2,303	-	-	-
Interest	801	-	-	-	801
Postage	990	937	-	154	-
Professional Services	5,450	5,450	5,880	1,600	-
Rent	14,400	14,400	700	-	-
Supplies	1,426	1,374	42	11	-
Supplies	792	677	709	-	-
Telephone	5,690	5,690	-	-	-
Utilities	1,088	1,088	-	-	-
<b>PROGRAM EXPENSES</b>					
Salaries and wages	64,800	64,800	-	-	-
Employee benefits	3,073	3,073	-	-	-
Payroll taxes	5,197	5,197	-	-	-
Therapeutic and testing supplies	31,560	3,768	19,200	9,600	-
Trip(s)	1,087	1,087	-	-	-
Tutorial (Other) Assistance/Services	71,567	55,457	92,888	9,600	-
Total expenses before depreciation	306,629	146,675	47,144	19,210	801
Depreciation	9,274	-	-	-	-
<b>Total Expenses</b>	<b>315,903</b>	<b>146,675</b>	<b>47,144</b>	<b>19,210</b>	<b>801</b>

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

YEAR ENDED JUNE 30, 2002

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Increase in net assets	(\$12,421)
Adjustments to reconcile increase in net assets to net cash used by operating activities	
(Increase) decrease in operating assets	
Accounts Receivable	17,645
Prepaid Expenses	(2,122)
Increase in operating liabilities	
Accounts Payable	27,644
Payroll liabilities	8,151
	<u>36,598</u>
Net cash provided by operating activities	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Depreciation	<u>8,234</u>
Net cash provided by investing activities	<u>8,234</u>
<b>INCREASE IN CASH</b>	<b>47,232</b>
<b>CASH AND CASH EQUIVALENTS - June 30, 2001</b>	<b>11,560</b>
<b>CASH AND CASH EQUIVALENTS - June 30, 2002</b>	<b><u>\$58,292</u></b>

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, 2002**

**I. 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 enhancement, 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, Louisiana Department of Education (TAMP), and the Louisiana Louisiana Exposition District. The organization also received several small unrestricted grants from Jazz Casino Corporation, the Estange Charitable Foundation, and the City of New Orleans.

**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, 2002.

**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, as both as a result of non-compliance by New Orleans Community Enhancement, Inc.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2002**

**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. NICE has not received any contributions with donor imposed restrictions that would result in temporarily or permanently restricted net assets.

**e. 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 renewals 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 relate 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 5 years for vehicles), using straight-line method.

**f. 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.

**g. Cash and Cash Equivalents**

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

**h. 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.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2002**

**2. Going Concern Uncertainty:**

The Organization has outstanding payroll tax liabilities of \$ 19,348 as of June 30, 2002. Of this amount \$17,332 was outstanding as of June 30, 2001. Management has taken measures to resolve all outstanding tax liabilities.

**Besires' W. Hanger', CPA**

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A National 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.

I have audited the financial statements of New Orleans Community Enhancement, Inc. for the year ended June 30, 2002 and have issued my report thereon dated December 28, 2002. I have 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.

**Compliance**

As part of obtaining reasonable assurance about whether New Orleans Community Enhancement, 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 the financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit, and accordingly, I do not express such an opinion. The results of my 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 my audit, I considered New Orleans Community Enhancement, 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 reportable 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, Louisiana Department of Education, and other oversight agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

  
Besires' W. Hanger, Louisiana  
December 28, 2002

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

**SUMMARY OF FINDINGS, CONCLUSIONS, CAUSES  
AND RECOMMENDATIONS AND MANAGEMENT'S RESPONSE  
PERIOD ENDED JUNE 30, 2002**

<b>Detail No.</b>	<b>Description of Exception</b>	<b>Amount</b>
<b>1</b>	<p>Payroll tax liabilities have not been reported in a timely fashion or remitted to the various taxing authorities.</p> <p>Management is working with the Internal Revenue Service to resolve all outstanding payroll issues. The organization has kept current on most of the liabilities incurred during the audit period. They have requested abatement of previous year's penalties and interest.</p>	<b>1,13,128</b>
<b>NOTE:</b>	<p>The above findings and conclusions, as well as the audit reports and audited financial statements, were discussed with Mr. Tina Olson, Executive Director, who concurred with my findings, conclusions, and recommendations.</p>	

**Desiree' W. Honore', CPA**

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*A Individual Corporation*

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

In planning and performing my audit of the financial statements of New Orleans Community Enhancement, Inc. for the period ended June 30, 2002, I considered its internal control in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during my audit, I became aware of internal matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect my report dated December 26, 2002, on the financial statements of New Orleans Community Enhancement, Inc.

I will review the status of these comments during my next audit engagement. I have already discussed many of these comments and suggestions with various NOCE, Inc. personnel, and I 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. My comments are summarized as follows:

**Payroll tax returns**-NOCE, Inc. did not file payroll tax forms in a timely manner and did not pay the liabilities in a timely fashion for the first two quarters of the audit period. NOCE also erroneously reported payroll amounts for some of those forms that were filed. It is suggested that management carefully review and monitor future expenditures to ensure that funds are available for payment of these liabilities. It is also recommended that all forms be corrected and filed properly with the appropriate tax authority. This is a repeat finding from the previous year. I did not, however, payroll returns were filed properly for the remaining two quarters of the audit period.

**Bank Cash Accounts**-Several items that were identified as items in transit or outstanding on the June 2001 bank reconciliation were not properly posted to the general ledger during the current audit period. This caused the organization to carry an incorrect cash balance on the financial statements during the year. In one instance, the organization issued a payroll check against an account with insufficient funds. It is suggested that all reconciliations be reviewed and verified by a second person in order to avoid this type of misstatement and error.

I appreciate the assistance of Mr. Mary 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.

  
Desiree W. Honore'  
December 26, 2002



# NEW ORLEANS COMMUNITY ENHANCEMENT CENTER

## BOARD MEMBERS

**Shirley Davis**  
President

December 27, 2002

**Kelise Gathers**  
Secretary/Treasurer

**Joan Briggs**

Thomas W. Hensley, CPA  
1244 Perdido Circle Court  
Bachary, Louisiana 70011

**Vaughn Randolph Pierre**

**Clarence Williams**

Dear Mr. Hensley:

**James Williams**

I am in my copy of your letter dated December 17, 2002.

In response to your finding regarding the payroll tax liabilities, the Center is working with the Internal Revenue Service to resolve all outstanding tax issues from the previous year. We have requested and received some resolution with regards to the penalties and interest. In addition, you did note that all returns were filed properly for the latter two quarters of the fiscal year. We found Mr. James Williams during the past fiscal year. Mr. Williams is skilled in payroll tax return preparation and has assured that all tax returns and liabilities are filed and paid in a timely fashion.

I have your recommendations. I also now review all bank reconciliations to ensure that they agree to the general ledger and financial statements. I assure that this type of error will not occur again.

Should you have any questions of me, I can be reached at 504-245-1407.

Sincerely,

**Tim M. Dixon**  
Executive Director

cc: Board of Directors

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NOCED@bellsouth.net