

JEFFERSON SPORTS AND SCHOLASTIC FOUNDATION



COMPLIANCE AUDIT
ISSUED NOVEMBER 10, 2010

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

November 10, 2010

**MR. LESTER DUNN, DIRECTOR,
AND BOARD OF DIRECTORS
JEFFERSON SPORTS AND SCHOLASTIC FOUNDATION**
Harvey, Louisiana

We have audited certain transactions of the Jefferson Sports and Scholastic Foundation (Foundation) for the period July 1, 2004, to February 28, 2010. Our audit was conducted in accordance with Title 24 of the Louisiana Revised Statutes to determine the credibility of allegations concerning expenditures of the Foundation.

Our audit consisted primarily of inquiries and the examination of selected financial records and other documentation. The scope of our audit was significantly less than that required by *Government Auditing Standards*; therefore, we are not offering an opinion on the Foundation's financial statements or its system of internal control nor assurance as to compliance with laws and regulations.

The accompanying report presents our findings and recommendations as well as management's response. This correspondence is intended primarily for the information and use of management of the Foundation. This is a public report. Copies of this report have been delivered to the District Attorney for the Twenty-Fourth Judicial District of Louisiana and others as required by law.

Respectfully submitted,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

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Tutorial Program Funded Through the Louisiana Department of Education

From December 2006 to June 2007, the Jefferson Sports and Scholastic Foundation (Foundation) issued payments to two vendors totaling \$144,751 that were funded by a contract with the Department of Education (DOE). Through reviews of documentation and interviews with Foundation and vendor employees, we noted that the Foundation appears to have paid vendors \$14,000 for services that were billed twice, \$73,014 for tutoring services that had no documentation such as time sheets or student sign-in sheets to support the charges, and \$54,263 for computer services and products, which lacked detailed documentation, do not appear to have been received or were performed by Foundation employees. In addition, the Foundation may have violated the DOE contract by using an unapproved contractor.

Mentorship Program Conducted by One Source

From September 2006 to December 2006, the Foundation paid One Source \$40,000 for a mentorship program. Neither the Foundation nor One Source could provide auditors with a contract describing the services to be provided or any documentation indicating how the \$40,000 was spent. According to One Source, payment from the Foundation was received in advance of services being performed and was based on estimates of the mentorship activities that would be performed by One Source for 20 to 30 children. As a result, it appears that the Foundation spent between \$1,333 and \$2,000 per child during this period to attend an unspecified and undocumented number of activities.

Summer Camps Conducted by Foundation

From May 2006 to August 2008, the Foundation received \$484,413 in funding from Jefferson Parish and the Louisiana Family Recovery Corps to “provide summer camps and after school education and enrichment programs for youth in Jefferson Parish.” During our audit, we noted that the Foundation did not maintain written contracts with vendors, records of daily camper attendance, and records of the actual number of meals provided to the camps by vendors. In addition, it appears the Foundation paid one vendor \$14,444 for camp services with no detailed documentation; \$3,000 for meals billed for days camp was not held; and \$1,125 due to incorrectly calculated invoices.

Sources and Uses of Public Funds by the Foundation

From January 2005 to December 2007, the Foundation received financial support from the Jefferson Parish Council and DOE in excess of \$25,000 each year. As a result, the Foundation was considered a quasi-public agency in accordance with the state audit law in effect for that period. The expenditures of public funds by any state, local government or quasi-public agency are subject to the state audit law and must be reported to the Louisiana Legislative Auditor (LLA) in the agency’s annual financial report. In addition, if public funds are transferred to funds or bank accounts in which they are commingled with private funds, then those private funds, including donations, are subject to the audit law.¹ During our audit, we noted that the Foundation has never submitted its

¹ **R.S. 24:513 J(d)** provides, in part, that “. . . if state or local assistance received and/or expended by a quasi public agency or body is commingled with other funds of the quasi public agency or body then such state or local assistance and other funds of the quasi public agency or body shall be audited pursuant to Subparagraph (1)(c) of this Subsection.”

annual financial report to the LLA for any of the years the Foundation received in excess of \$25,000 of public funding and as a result is in violation of the state audit law.

Expenditures in Possible Violation of State Law

During our review of Foundation records, we noted transactions that did not appear to have a business purpose or were extravagant in nature. These expenditures totaling \$96,090 consist of a membership to a local golf course, a board retreat to Doral, Florida, personal use of the Foundation office, and other donations such as sponsorships to various local schools, school clubs, civic organizations, religious organizations, and other charities. The Foundation may have violated state law by using funds in this manner.

Lack of Board Oversight

As members of the Foundation's Board of Directors, board members have a responsibility to oversee the operations of the Foundation. During our audit, we noted that the board does not appear to hold regular meetings, could not provide a copy of the Foundation's bylaws, and had business and personal relationships with vendors that could be a conflict of interest. In addition, the Foundation failed to maintain liability insurance as was required by the Jefferson Parish contracts. It also failed to maintain the grounds at two properties it currently owns, resulting in fines from Jefferson Parish.

Lack of Controls and Documentation

During our audit, we noted a lack of controls and documentation in the operations of the Foundation. The Foundation has no formal accounting processes, written policies, or procedures for Foundation operations; lacks time records for employees; and failed to file federal employment taxes and/or 1099s in 2004, 2005, and 2007. The Foundation failed to file IRS Form 990 in 2004 and 2005 and did not list Mr. Dunn's benefits and salary on the 2006, 2007, and 2008 Form 990s. In addition, the 2006, 2007, and 2008 Form 990s included incorrect amounts for specific expenses and expenses that were not incurred by the Foundation. In addition, of 440 vendor transactions totaling \$597,694, the Foundation could not provide supporting documentation such as invoices or receipts for 300 transactions which totaled \$197,423 (33%).

Jefferson Parish Council Member Conflict of Interest

From August 2004 to September 2008, Jefferson Parish provided the Foundation with funding totaling \$240,150. This funding was received mainly through five motions put forth by Jefferson Parish Councilman Byron Lee. While reviewing Foundation records, auditors noted that from June 2005 to August 2007, the Foundation employed three family members of Councilman Lee whose payments totaled \$3,785. As a result, Councilman Lee may have violated state law by voting to approve funding for the Foundation which employed members of his immediate family.

Tutorial Program Funded Through the Louisiana Department of Education

In September 2006, the State Board of Elementary and Secondary Education (BESE) approved a \$200,000 grant for the Jefferson Sports and Scholastic Foundation (Foundation) appropriated under Act 17 of the 2006 Louisiana Legislature. The grant was approved with the express purpose of operating a tutorial and computer skills program in Jefferson Parish. The Department of Education (DOE) - Office of School and Community Support had authority to monitor this contract in accordance with Executive Order KBB 2006-32, which required a Cooperative Endeavor Agreement (contract) between the Foundation and the DOE.

According to the contract, the DOE was to reimburse expenses incurred by the Foundation for operating a tutorial and computer skills program to serve 230 students ages five to 15. The program was to be operated from October 2006 through May 2007, by certified teachers for two to three hours per day, four days per week, at five local playgrounds. The Foundation was required to meet the following contract terms:

- Provide quarterly cost reports, with supporting documentation, such as invoices, receipts, and check copies, certifying the expenses submitted for reimbursement had been incurred and the services had been performed
- Provide written quarterly progress reports, outlining resources, initiatives and services
- Provide student assessments, both pre and post program, in monthly intervals, whereby the contractor would chart the scores to track the progress of the students
- Conduct a survey of the students' parents to assess the program's impact and effectiveness
- Include a software program to help children increase their typing skills and familiarize the students with different educational and office programs

On December 22, 2006, and March 7, 2007, the DOE made two disbursements to the Foundation, totaling \$81,881 for expenses incurred under the DOE contract. On April 23, 2006, the Louisiana Attorney General's Office published Opinion 07-0114, which states that "recipient entities under Schedule 20 of Act 17 are not required to expend their own funds and seek reimbursement from the state." As a result, the DOE disbursed the balance of the contract, \$118,119, to the Foundation on May 11, 2007. According to an April 24, 2007, memorandum from Commissioner of Administration Jerry Luke LeBlanc, AG Opinion 07-0114 did not relieve the recipients from the other requirements of their contracts. After receiving the final DOE payment for \$118,119, the Foundation failed to submit the final cost and progress reports and supporting documentation as required by the DOE contract. In total, the Foundation received \$200,000 in funding from the DOE and only submitted cost reports for \$118,636 (60%) of expenses incurred under the DOE contract. However, the Foundation only submitted documentation such as invoices, receipts, and cancelled check copies supporting \$104,849 of the expenses listed on the cost reports. Because of the Foundation's failure to submit supporting

documentation for expenses and its final cost and progress reports, the DOE was unable to evaluate the Foundation's overall performance as a consultant. As a result, the DOE recommended not to hire the Foundation as a consultant in the future.

During our review of the Foundation's books and records, we noted the following, regarding the DOE appropriation:

1. The Foundation did not meet contract deliverables and changed the scope of the contract without notifying or receiving approval from the DOE.
2. The Foundation lacked detailed documentation for the professional services billed by vendors that were within the scope of the DOE contract.
3. The Foundation used a contractor neither listed in the DOE contract nor approved by the DOE.
4. The Foundation incurred program expenses that were not within the scope of the DOE contract.

Change of Scope and Failure to Meet Contract Deliverables

According to the DOE contract, the Foundation was to provide a tutorial and computer skills program for 230 students, ages five to 15, at Jefferson Parish playgrounds. During our review of the Foundation's books and records, we noted that the tutorial programs were not held at local playgrounds as stated in the DOE contract scope of services. Instead of conducting computer tutorial programs at Jefferson Parish playgrounds, the Foundation provided computers and funding to local churches to fund their volunteer computer tutoring programs, which were already in place. When requested, the Foundation could not provide adequate documentation to substantiate that the completion of the contract deliverables were met. For example, the Foundation could not provide documentation to support that 230 students were served; certified teachers were used; pre and post assessments were performed; parent surveys were conducted; and a software program was provided. Finally, the Foundation failed to submit its final cost and progress reports to the DOE and did not provide the DOE with documentation to support \$95,151 (48%) of expenses associated with the tutorial program, as required by the contract.

Lack of Documentation for Professional Services Within the DOE Contract's Scope

The Foundation's budget under the DOE contract included a \$137,000 (69% of the total budget) budget for professional and contract services. According to the DOE budget, this amount was comprised of \$75,000 allocated to a staffing company to provide certified teachers and \$62,000 allocated to a technology firm for "computer training for educational and office programs for youth and adults." From December 2006 to June 2007, the Foundation issued payments totaling \$144,751 to these two vendors, \$7,751 in

excess of the budgeted amount. A review of these payments and supporting documentation indicated that there were no contracts defining the services to be performed. In addition, the Foundation made payments to vendors with little documentation to support the work and/or services performed. As a result, the Foundation appears to have paid vendors for work that may have been performed by Foundation staff, for computer services that do not appear to have been provided, and for services that appear to have been outside of the scope of the DOE contract.

Although we attempted to obtain detailed documentation of expenses from vendors of the Foundation, it is not the vendor's responsibility to supply and maintain this documentation for the Foundation. It is the Foundation's responsibility to require and maintain detailed documentation of vendor provided products and services before paying these expenses.

Certified Teachers

From January 2007 to June 2007, the Foundation paid Diversified Ventures, owned by Girod Jackson, a total of \$73,014, comprised of \$63,490 for certified teachers and \$9,524 (15%) for administrative fees. Although the budget included a provision for certified teachers, the Foundation did not enter into a contract with Diversified Ventures indicating the specific work and/or services to be performed. Foundation Executive Director Lester Dunn Jr., stated that the Foundation was unable to conduct computer tutorial programs at local playgrounds because of a lack of security for the computers. As a result, Mr. Dunn stated that he contacted local churches that were already operating computer tutoring programs using volunteers and offered to pay the volunteers and supply computers using Foundation funds received under the DOE contract. According to Mr. Dunn, a Foundation employee would collect student sign-in sheets and tutor time sheets from the local churches and provide them to Diversified Ventures. Diversified Ventures would then issue checks directly to the tutors at these churches. These checks were then delivered to the tutors by a Foundation employee. According to Mr. Dunn, Diversified Ventures paid the teacher's cost until such time that the Foundation could reimburse Diversified Ventures those costs and an additional 15% administrative fee.

During our review, we noted that invoices provided by Diversified Ventures did not adequately document the services provided. For example, invoices submitted by Diversified Ventures from January 2007 through May 2007 list a total for the quantity of service supplied as 3,175² and \$20 for the rate used to calculate the total cost. However, these invoices do not list the names of the teachers and students, the specific dates and hours that certified teachers were provided, or how the quantity of service invoiced was calculated (number of tutor hours, number of students tutored, etc.). In addition, the invoices list general locations such as neighborhood playgrounds as the locations where certified

² The quantity type, such as hours, students, or sessions was not specified on Diversified Ventures invoices.

teachers were provided instead of listing the local churches where the Foundation stated that students were actually tutored.

Mr. Jackson stated that he was unable to supply copies of checks paid to tutors, student sign-in sheets or tutor time sheets. He stated that in 2007 the building where his laptop computer and filing cabinet were located was flooded and all records were destroyed. Because of this lack of documentation, auditors were unable to contact tutors to verify that the tutoring services paid for by the Foundation had been provided at these local churches. As a result, the Foundation could not verify that it had provided the \$75,000 of tutorial services to be provided by Diversified Ventures as stipulated in the original grant contract budget with the DOE.³

Computer Delivery and Setup

In December 2006, the Foundation purchased 29 computers for \$14,682 with funds provided by the DOE contract. Because the Foundation did not maintain an asset listing or track the computers, we could not determine the physical locations of all the computers. Based on estimates provided by Mr. Dunn, we were able to determine that 25 of these computers were distributed to tutoring programs at local churches, two were used for Foundation business, and the two remaining computers could not be accounted for.

From January 2007 to February 2007, Diversified Ventures invoiced the Foundation \$3,738 which included charges totaling \$3,250 for the delivery and setup of the computers that were provided to the churches and \$488 for a 15% administrative fee. Diversified Ventures' invoices lacked details such as the locations where computers were delivered and set up and the dates these services were performed. In addition, Diversified Ventures was unable to provide any documentation listing the computer delivery and setup dates and locations to support these charges.

Auditors spoke with individuals at 11 of the 12 churches that received computers from the Foundation. Of these 11 churches, only five could confirm that the computers were delivered and set up by a third party, of which only one church confirmed that Diversified Ventures delivered and set up the computers. In addition, Foundation employees, Simeon Dickerson and Crissy Birden, both stated that they delivered and set up computers that were provided at nine of these 12 churches. Mr. Dickerson also stated that Mr. Dunn delivered and set up computers at churches but was unaware of the exact number of churches or their locations. Because of the lack of documentation and the Foundation employee's statements that conflict with Diversified Ventures invoices, we could not determine who delivered and set up the 25 computers.

³ The original DOE contract budget appropriated \$75,000 to Diversified Ventures to provide certified teachers at the playgrounds for tutorial programs. This budgeted amount was adjusted on May 29, 2007, to \$100,615; however, in total, Diversified Ventures was paid \$73,014 for certified teachers.

Use of an Unlisted Contractor for Computer Training

The budget approved as part of the DOE contract included \$62,000 to be paid to Strategic Solutions for “computer training for educational and office programs.” According to Mr. Dunn, the Foundation did not have a written contract with Strategic Solutions for these services. From December 2006 through June 2007, the Foundation paid Strategic Solutions a total of \$68,000 of which \$12,200 was invoiced as technology training. The DOE contract required all professional and contract service providers to be listed in the contract budget. According to Strategic Solutions owner, Josh Williams, another company IAMN Computer Training, conducted all computer training for the Foundation. He stated that IAMN would conduct computer training and bill Strategic Solutions, who paid IAMN, and then Strategic Solutions would invoice the Foundation. A review of the DOE contract revealed that IAMN was not listed in the contract’s budget. According to Mr. Dunn, the Foundation arranged for IAMN to perform computer training and invoice Strategic Solutions because IAMN was not listed as a vendor in the DOE contract.

A review of documents from IAMN revealed that IAMN invoiced Strategic Solutions \$7,050 for computer training and received payments totaling \$6,750 from Strategic Solutions and \$300 from the Foundation. When asked to explain the difference between the amounts paid to IAMN (\$6,750) and the amounts billed to the Foundation (\$12,200), Mr. Williams stated that the increased amount billed to the Foundation included charges for software that he had provided to the Foundation. However, Mr. Williams provided no documentation, such as invoices or receipts, to support the purchase of any software he provided to the Foundation. In addition, the Foundation could not provide any documentation to support the \$5,150 purchase of software from Strategic Solutions. Finally, the Foundation may have violated the DOE contract by knowingly using a vendor that was not listed on the DOE contract budget.

Charges Not in the Scope of the DOE Contract

As previously mentioned, the Foundation purchased 29 computers from Best Buy on December 4, 2006, for \$14,682 using funds provided by the DOE contract. From December 2006 to June 2007, in addition to billing \$12,200 for computer training, Strategic Solutions also billed the Foundation \$55,800, which consisted of \$46,300 for various computer services for these 29 computers; \$8,000 for a Voyager software system; and \$1,500 for network setup and installation of the Voyager software. During our review, we discovered that no Voyager software was purchased for the Foundation by Strategic Solutions. Instead, Strategic Solutions purchased educational books from Voyager. The DOE contract did not list expenses for computer maintenance services or educational books in the scope of services or in the project budget for Strategic Solutions. According to the DOE contract budget, Strategic Solutions was only to provide computer training. Because the \$46,300 of computer services and the \$9,500 for the Voyager software and installation were not listed in the DOE contract’s scope of services, the Foundation appears to have violated the DOE contract regarding these expenses.

Computer-Related Charges

From December 2006 to June 2007, Strategic Solutions billed the Foundation \$46,300 for charges comprised of \$16,800 for a network software engineer; \$11,500 for computer software; \$11,000 for computer maintenance; and \$7,000 for software maintenance. Strategic Solutions owner, Josh Williams, provided no time sheets or documentation to support these charges, but did supply proposals which did list some labor hours and details related to the work performed by Strategic Solutions. As a result of our review, it appears the Foundation paid Strategic Solutions \$27,800 for computer services that lacked detailed documentation and may have been performed by Foundation employees, \$14,000 for software maintenance services that were also billed as network software engineer and computer maintenance charges and \$4,500 for Microsoft Office software that does not appear to have been provided to the Foundation.

Network Software Engineer and Computer Maintenance Charges

According to Strategic Solutions proposals, from December 2006 to June 2007, Strategic Solutions billed the Foundation \$27,800 for in excess of 341 labor hours (8.5 weeks of full-time work) for computer services performed on the 29 computers. These hours consisted of 212 hours (\$16,800) for services provided by Mr. Williams as a Network software engineer and 129 hours (\$11,000) of computer maintenance performed by other Strategic Solutions employees. The hourly billing rate for computer maintenance was \$85 an hour. When asked why Strategic Solutions invoices listed charges for a network software engineer when, according to 11 of the 12 churches, no computers were networked, Mr. Williams stated that even though he did not perform any network software engineer services, he charged the Foundation the network software engineer rates because he is a network software engineer. Because Mr. Williams did not list all hours of computer services that he performed on Strategic Solutions proposals, Mr. Williams could not document the hourly rate charged by a network software engineer.

According to Mr. Williams, no on-site computer services were performed by Strategic Solutions at the churches. He stated that Mr. Dunn would deliver computers requiring service to him. Mr. Williams also stated that he would either personally perform the computer services at his office or he would deliver the computers to his employees for service at other locations. Rob Breland, whom Josh Williams stated was one of three Strategic Solutions employees to work on the Foundation's computers, stated that he has never performed computer services on the brand of computer provided to the churches by the Foundation. Former Foundation employee Simeon Dickerson, whose position with the Foundation included regularly visiting the churches, stated that he regularly performed maintenance on the computers as needed. He added that none of the computers at the locations he regularly visited were

moved while he was employed by the Foundation. Mr. Dunn stated that to his knowledge, no more than 10 computers were serviced by Strategic Solutions, but he stated that he was not sure of the number. As a result of Strategic Solutions providing little documentation to support the services billed to the Foundation and a former Foundation employee stating that he regularly performed maintenance on the computers, it appears the Foundation paid Strategic Solutions \$27,800 for services for which the Foundation had no detailed documentation, may not have been provided by Strategic Solutions, or were performed, at least in part, by a Foundation employee.

Software Installation and Maintenance Charges

Strategic Solutions invoices list \$4,500 of charges for Microsoft Office software installation and \$7,000 for the installation of other types of software. According to Mr. Dickerson, he and Foundation employee Crissy Burden installed software on the computers when they delivered and set them up. Mr. Dickerson further stated that he did not recall installing Microsoft Office on any computers and did not know of anyone else installing software on the computers during his employment with the Foundation. In a later interview, Mr. Williams admitted that the charge for Microsoft Office installation was not actually for the installation of Microsoft Office, but rather a charge for supplying the Microsoft Office software. He also stated that the additional charges for software installation totaling \$7,000 were actually fees for monthly software maintenance for the computers. When requested by auditors, Mr. Williams was unable to supply any documentation such as receipts or invoices for the Microsoft Office software or a contract with the Foundation for monthly software maintenance.

Invoices from Strategic Solutions list \$7,000 in charges for software maintenance. As previously stated by Mr. Williams, \$7,000 of charges listed as software installation on Strategic Solutions invoices were actually charges for software maintenance. According to Mr. Williams, charges for software maintenance were monthly fees for the upkeep of all software on the 29 computers purchased by the Foundation. However, he had previously told auditors that the network software engineer and computer maintenance charges included all services and work performed on the computers regardless of whether it was for hardware or software services. As a result, it appears the Foundation paid Strategic Solutions \$14,000 for services that were already billed as network software engineer and computer maintenance charges and \$4,500 for Microsoft Office software that does not appear to have been supplied.

Voyager Software Purchase

Strategic Solutions billed the Foundation \$8,000 for Voyager Software and \$1,500 for network installation and setup performed at Lincoln Elementary School in Marrero, Louisiana. According to former Lincoln Elementary Principal Janine Holmes, in November 2006, Lester Dunn approached her and offered to supply a Voyager math and reading program to Lincoln Elementary. Interviews with teachers at Lincoln, Principal Holmes, and a Voyager sales representative, revealed that the Voyager program's actual cost was \$6,987 and that the Voyager purchase was not for software, but rather math and reading book kits. According to documentation from Voyager, the order was not placed until March 2007, even though Strategic Solutions was paid by the Foundation for the Voyager order in December 2006.

Mr. Williams stated that he billed the Foundation \$1,500 for network installation and setup for designing a platform for the Voyager software to run on. He stated that the platform was designed based on the specifications listed on the Voyager software box. When we informed Mr. Williams the Voyager purchase was for books and not software, he then stated that he did not use Voyager software specifications to design the platform, but instead designed the platform for any software the school may use. Louisiana Legislative Auditor (LLA) representatives requested a copy of the network platform designs, which Mr. Williams did not supply. In addition, Mr. Dunn stated that he had never received a copy of the network platform designs. As a result, the Foundation paid Strategic Solutions \$1,500 for services and products that were not provided and \$1,013 in excess of the actual cost of the Voyager program. In addition, because the Foundation did not review the Voyager purchase, it was not discovered that the purchase was for books and not software until LLA representatives disclosed this information to the Foundation. Because the Foundation purchased book kits rather than a software program, it appears that this purchase was in noncompliance with the scope of services for the DOE contract.

If the Foundation enters into a future contract with the DOE requiring reimbursement for contract-related expenditures, we recommend the Foundation:

- (1) comply with the reporting and documentation requirements outlined in the contract;
- (2) execute written contracts with vendors specifying products and services to be provided;
- (3) require detailed invoices be submitted by vendors outlining all products and services provided; and
- (4) review all future invoices to ensure all products and services billed were provided.

Mentorship Program

From September 2006 to December 2006, the Foundation paid One Source \$40,000 for a mentorship program. Neither the Foundation nor One Source could provide auditors with a contract describing the services to be provided or any documentation to indicate how the \$40,000 was spent. According to Mr. Paul Johnson, one of the owners of One Source, the amounts received were based on estimates of the activities that would be performed and that 20 to 30 children attended the mentorship program. As a result, it appears that the Foundation spent between \$1,333 and \$2,000 per child during this period to attend an unspecified and undocumented number of activities. Foundation management stated that the source of the funds used to pay One Source was private; however, Louisiana law states that when public assistance is received by a quasi-public agency and is then commingled with other funds of the quasi-public agency, such assistance and other funds of the quasi-public agency shall be audited as public funds.⁴ Reviews of the Foundation's records indicate that the expenses incurred by the Foundation were not accounted for as to whether they were for public or private use. As a result, it cannot be determined whether funds expended were private or public funds; therefore, we considered all funds as public and subject to laws pertaining to public funds.

According to Foundation records, One Source submitted four separate monthly invoices each in the amount of \$10,000 from August 2006 to December 2006. Each invoice consisted of \$5,000 for salary and fees; \$2,000 for food; \$2,000 for entertainment; and, \$1,000 for travel and gas. Although these invoices appear to have been submitted on a monthly basis (invoices were not dated), the Foundation issued payments to One Source in biweekly \$5,000 increments, beginning on September 22, 2006, and ending on December 21, 2006. Mr. Dunn stated that he entered into a verbal agreement with One Source to provide a mentorship program in which children would be taken to football games and other sporting events. Mr. Dunn explained that he paid One Source \$5,000 on the first and fifteenth of each month and added that he was not provided with receipts or sign-in sheets to determine how the money was spent or the number of children served. Mr. Dunn added that on one occasion he saw one of the owners of One Source at a high school football game with students.

Mr. Johnson stated that he and Alvin Boudreaux (now deceased) ran the mentorship program for under-privileged children in Jefferson Parish. Mr. Johnson said he and Mr. Boudreaux took children to ball games, parks, and other activities and that One Source would invoice the Foundation for payment prior to providing services. Mr. Johnson explained that the amounts invoiced were estimates based on what he and Mr. Boudreaux thought the services would cost. Mr. Johnson estimated that approximately 20-30 children attended the mentor program. Mr. Johnson stated that he could not provide documentation of the services performed because his computer had a virus and his water heater leaked and ruined all his paper documentation. Mr. Boudreaux's documentation regarding the mentorship program recipients was unavailable because he passed away in December 2007.

⁴ **R.S. 24:513 J(d)** provides, in part, that "... if state or local assistance received and/or expended by a quasi public agency or body is commingled with other funds of the quasi public agency or body then such state or local assistance and other funds of the quasi public agency or body shall be audited pursuant to Subparagraph (1)(c) of this Subsection."

Should the Foundation use One Source for future services, we recommend the following:

1. Execute written contracts with vendors specifying products and services to be provided
2. Require detailed invoices be submitted by One Source outlining all services provided and hours and locations where services took place
3. Review all future invoices to ensure all services billed were provided prior to making payment

Summer Camps Conducted by Foundation

From May 2006 to August 2008, the Foundation received \$484,413 in funding from Jefferson Parish and the Louisiana Family Recovery Corps (LFRC) to “provide summer camps and after school education and enrichment programs for youth in Jefferson Parish.” The LFRC is a nonprofit organization funded through state and federal assistance and private donations. The Foundation used these funds to conduct summer camps each year and provide breakfast and lunch to camp attendees. During our review of the Foundation’s books and records, we noted the following regarding the summer camps:

- Lack of documentation for camp attendance
- Possible violation of the Foundation’s contract with LFRC
- No contracts with vendors and no documentation of the actual number of meals served
- Payment for expenses that were incorrectly calculated
- Payment for meals on days camp not held

Lack of Camp Attendance Documentation

A review of records related to the summer camps held from 2006 to 2008 revealed that the Foundation only had dated camp attendance sign-in sheets for one day in 2007. The Foundation did have camp applications for 2006, 2007, and 2008; however, these could not be used to determine if the applicants actually attended the camps. However, some camper sign-in sheets for the Johnny Jacobs pool were available for this time period. These sign-in sheets, obtained from the Jefferson Parish Recreation Department, covered eight days from May 2006 to August 2007. The number of campers listed on these sign-in sheets ranged between 39 and 127 per day.

In addition, spreadsheets obtained from the LFRC listed camp attendees submitted by the Foundation for reimbursement for 213 campers in 2006 and 100 campers in 2007. A review of these lists revealed that the 2006 list of campers submitted to the LFRC for reimbursement did not list the camp each child attended and the 2007 list had 25 Kennedy Heights campers listed as being supervised by the Foundation. The

Kennedy Heights camp was not conducted by the Foundation. Mr. Dunn stated that the 2007 list does not represent all campers in 2007 because the LFRC would only reimburse the Foundation for 100 campers. According to Mr. Dunn, because of the 100 camper limitation, the Foundation did not submit all camp attendees to the LFRC. As a result, auditors could not determine the actual number of campers and the camps they attended from 2006 through 2008.

Possible Violations of LFRC Contracts

The Foundation received \$324,413 from the LFRC under two contracts from July 2006 through August 2007. While reviewing the LFRC contracts, auditors noted that the Foundation submitted attendance sheets for reimbursement for the Kennedy Heights summer camp, which was not conducted by the Foundation.

Under the LFRC contracts, the Foundation was reimbursed on the basis of \$5.50 for each hour of camp supervision per camper. In 2007, the Foundation submitted a list of 25 campers from the Kennedy Heights camp for reimbursement for 762 hours of supervision totaling \$4,191. According to Mr. Dunn, this was done to reimburse the Foundation for the expenses incurred for meals which were provided to the Kennedy Heights camp by the Foundation. As a result, the Foundation misrepresented the number of campers that it supervised and by doing so may have violated the contract with the LFRC.

Lack of Documentation for Summer Camp Meals and Services

From May 2006 to August 2008, the Foundation paid three vendors a total of \$139,000 to provide breakfast and lunch for the Foundation summer camps and a summer camp conducted by a separate organization located at Kennedy Heights playground. A review of Foundation documents indicates that the Foundation had no written contracts with any food service vendors and did not maintain daily records for the number of children attending the Foundation camps or the actual number of meals provided daily to campers by Foundation vendors. As a result, the Foundation paid one vendor, Diversified Ventures, for food services that lacked detailed documentation, may not have been provided, were over billed, and were billed for days on which no summer camps were held. In addition, the Foundation paid Faith Academy, another food service vendor, for meals that lacked detailed supporting documentation.

2006 Camp Food Service

From June 2006 to August 2006, the Foundation paid \$66,500 to two vendors to provide meals to four summer camps in Jefferson Parish. According to Foundation records, in 2006, these two vendors invoiced the Foundation for providing breakfast and lunch to some of the same summer camps.

Emma's Meals on Wheels, a business owned by Emma Watson, received \$16,500 for providing 1,250 meals a week to the Johnny Jacobs and Martin Luther King Jr. (MLK) summer camps. According to Foundation Secretary and MLK Camp Counselor Crissy Birden, when the camps began, Emma Watson was providing meals to the Johnny Jacobs camp. Crissy Birden stated that during the first weeks of the summer camps, her mother, Janet Birden, provided meals to the MLK camp. She stated that a few weeks after camp began, Janet Birden quit providing food for the MLK camp, at which point Emma Watson began providing food to both the Johnny Jacobs and MLK camps.

A review of Foundation records revealed that the second food vendor, Diversified Ventures, was paid \$50,000 from June 2006 to August 2006 to provide 1,500 meals a week to the Johnny Jacobs, MLK, Kennedy Heights and Williams Playlot camps. While reviewing these charges, it was noted that none of the Diversified Ventures invoices listed the camp locations where breakfast and lunch were being provided for the Foundation. According to Crissy Birden, only Emma Watson and Janet Birden provided meals to the Johnny Jacobs and MLK camps in 2006. She stated that she had never heard of or written a check to Diversified Ventures and that as the Foundation secretary one of her duties was to fill out checks for Mr. Dunn to sign.

In addition, according to a Foundation budget narrative submitted to Jefferson Parish by Mr. Dunn, the Foundation served 2,500 meals a week to the summer camps in 2006. However, invoices from Emma's Meals on Wheels and Diversified Ventures state that the Foundation paid for 2,750 meals a week totaling \$10,000 per week. When asked for an explanation, Mr. Dunn stated that the narrative was incorrect but because of a lack of documentation he could not provide evidence to support the actual number of camp attendees and meals provided.

As a result of the lack of detailed documentation regarding the number of camp attendees, the actual number of meals provided by vendors and the locations where meals were provided, we could not determine if the total number of meals paid for by the Foundation were received. However, based on Ms. Birden's statement and discrepancies between vendor invoices, the check register, the 2006 budget narrative, and a lack of detailed supporting documentation, it appears that the Foundation could have paid for 1,650 meals, totaling between \$3,300 and \$8,250 that may not have been provided to the Foundation. However, according to Mr. Dunn, the food service vendors always delivered meals in excess of what was actually billed.

2007 and 2008 Food Service

From June 2007 to June 2008, the Foundation paid Faith Academy, a local private school run at that time by One Source co-owner Alvin Boudreaux, \$85,000 to provide meals to Foundation summer camps held at Jefferson Parish

public parks. A review of the invoices from Faith Academy and other documentation provided by the Foundation revealed that the Foundation lacked documentation for the number of campers attending the summer camps and a lack of documentation for the actual number of meals provided by Faith Academy.

According to invoices, Faith Academy billed the Foundation for serving 2,000 meals a week in 2007 and 2,500 meals a week in 2008. Through a review of sign-in sheets from the Johnny Jacobs pool and interviews with camp counselors, Lester Dunn and Eddie Williams, Faith Academy's director, it was revealed that the number of campers served meals varied daily in 2007 and 2008. According to Mr. Williams and Mr. Dunn, each camp would call Faith Academy daily and report the number of campers in attendance. Faith Academy would then deliver this amount of meals to each camp. When asked why the number of meals invoiced to the Foundation remained the same on separate invoices when camp attendance varied, Mr. Dunn stated that Faith Academy always delivered meals in excess of what was actually billed to the Foundation by Faith Academy. Mr. Dunn also stated that the Foundation had a verbal agreement with Faith Academy to pay a flat amount per week regardless of the number of meals served. He further stated that 2,000 and 2,500 were the number of meals billed per week for which the Foundation and Faith Academy agreed upon for 2007 and 2008, although according to Dunn there was no written contract stating these terms.

In addition, on June 26, 2008, the Foundation paid Faith Academy \$25,000 for food service. A review of the corresponding documentation showed that the Foundation only had one invoice related to this expense, dated June 27, 2008, for food service for the summer program the week of June 23-27, 2008, totaling \$12,500. As a result of the Foundation prepaying for meals and because of a lack of documentation for camp attendance and the actual number of meals provided, the Foundation could not document if the amount of meals purchased from Faith Academy were actually received.

Profit and Overhead Fee Miscalculation

From June 2006 to August 2006, Diversified Ventures charged a 15% fee, which was listed on invoices as a profit and overhead expense. During this period, Diversified Ventures charges for profit and overhead fee expense totaled \$7,500. A review of invoices from Diversified Ventures revealed that the Foundation was improperly charged \$1,125 for the profit and overhead fee expense because of mathematical errors. According to invoices, the profit and overhead expense (15%) was calculated based on the invoice total and not the services provided. This invoice total already included the profit and overhead expense. As a result, the Foundation paid Diversified Ventures \$1,125 for expenses that were calculated incorrectly.

Foundation Paid for Meals on Days Camp Was Not Held

According to invoice number nine, Diversified Ventures charged the Foundation for five days worth of meals and profit and overhead from July 3 to July 7, 2006, totaling \$7,500. According to invoices from Emma's Meals on Wheels and through interviews with Mr. Dunn, it was discovered that the Foundation summer camps were not held on July 3 or July 4. As a result, Diversified Ventures may have been paid \$3,000 for meals that were not provided on July 3 or July 4, 2006.

Camp Services Provided by Diversified Ventures

According to Diversified Ventures invoices, in addition to providing meals to the summer camps in 2006, Diversified Ventures was paid \$14,444 for providing several services that the Foundation regularly performed or arranged itself. These services included \$11,750 for bus transportation; \$1,345 for water park admission; \$700 for skate rink admission; \$300 for wave pool admission; and \$300 for snacks. Invoice number eight states that Diversified Ventures provided nine buses for the Foundation during the week of July 3 to July 7, 2006. According to Mr. Dunn, the Foundation summer camps were not held on July 3 and July 4, 2006, but because of the lack of documentation and detail on the Diversified Ventures invoices, LLA representatives were unable to determine the dates or if these services were provided by Diversified Ventures.

Invoice Discrepancies

While reviewing invoices from Diversified Ventures, we noticed that invoices dated June 2006 to August 2006 listed Diversified Ventures current address located on Lafayette Street in Harvey, Louisiana. Diversified Ventures invoices dated from January 2007 to May 2007 list Diversified Ventures previous address on Westbank Expressway in Harvey, Louisiana. According to Mr. Dunn, he lost the original invoices and had Diversified Ventures re-create them in 2008 when Rebowe & Associates were completing the Foundation's taxes for 2006 through 2008.

Should the Foundation continue to conduct summer camps where meals are provided, we recommend the following:

1. Comply with the reporting and documentation requirements outlined in any contracts by submitting accurate documentation in a timely manner
2. Execute written contracts with vendors specifying products and services to be provided
3. Require detailed invoices be submitted by vendors outlining all products and services provided prior to receiving payment

4. Review all future invoices to ensure all products and services billed were provided
5. Maintain accurate daily lists of camp attendees
6. Require invoices to list the actual number of meals provided by vendors or an agreed-upon amount listed in the written vendor contract

Sources and Uses of Public Funds by the Foundation

The expenditures of public funds by any state, local government, or quasi-public agency are subject to the state audit law and must be reported to the LLA in the agency's annual financial report. In addition, if public funds are transferred to funds or bank accounts in which they are commingled with private funds, then those private funds, including donations, are subject to the audit law.⁵ Since its inception in 2004, the Foundation has received funding totaling \$858,049. Of this amount, the Foundation received \$774,563 from Jefferson Parish, DOE, and LFRC. As a result of these sources of funding, the Foundation is subject to laws regarding the use of public funds. During our review of the Foundation's operations, we noted the following:

1. The Foundation has not complied with the state audit law.
2. The Foundation may have spent public funds in violation of Article VII, Section 14 of the Louisiana State Constitution.
3. The Foundation has a lack of internal controls and documentation.

Public and Pass-through Funds Received by the Foundation from 2004 to 2009

	2004	2005	2006	2007	2008	2009	Total
State of Louisiana		\$10,000					\$10,000
Department of Education			\$40,000	\$160,000			200,000
Jefferson Parish	\$20,150	95,000	50,000	60,000	\$15,000		240,150
Louisiana Family Recovery Corps			207,040	117,373			324,413
Total	\$20,150	\$105,000	\$297,040	\$337,373	\$15,000	NONE	\$774,563

Violation of State Audit Law

Louisiana audit law (R.S. 24:513-24:523) (in force during this period) identifies a quasi-public agency as any not-for-profit organization that receives and/or expends in excess of twenty-five thousand dollars in local and/or state assistance in any fiscal year.⁶

⁵ **R.S. 24:513 J(d)** provides, in part, that "... if state or local assistance received and/or expended by a quasi public agency or body is commingled with other funds of the quasi public agency or body then such state or local assistance and other funds of the quasi public agency or body shall be audited pursuant to Subparagraph (1)(c) of this Subsection."

⁶ Act No. 1045 of the 2010 Regular Session of the Louisiana Legislature amended R.S. 24:513(A)(1)(b)(iv) to state, in part, that a quasi public agency or body is defined as: "any not-for-profit organization that receives or expends any local or state assistance in any fiscal year..."

Because the Foundation has received financial support from Jefferson Parish and the DOE in excess of \$25,000 over three of the past six years, the Foundation is considered a quasi-public agency in accordance with the state audit law.

The audit law further provides that the legislative auditor shall have the authority to compile financial statements and to examine, audit, or review the books and accounts of all public agencies within the state, including quasi-public agencies. In lieu of examinations of the records and accounts of any office subject to audit or review by the legislative auditor, the legislative auditor may, at his discretion, accept an audit or review prepared by a licensed certified public accountant (CPA) provided that the legislative auditor has approved the engagement letter in accordance with this section. Since its inception in 2004, the Foundation has failed to obtain an approved engagement agreement from the legislative auditor.

Submission of the engagement agreement to the legislative auditor for approval is the joint responsibility of the Foundation and the CPA. Records indicate that the Foundation has never been audited; however, the Foundation did state in a funds verification request sent to the LFRC that Rebowe and Associates had been engaged to conduct its annual 2007 audit. However, according to Rebowe and Associates, the audit was never performed.

As a result of not obtaining an approved engagement agreement, the Foundation may have violated R.S. 24-513(5)(a)(i) which requires approval from the legislative auditor for engagements with public and quasi-public agencies.

We recommend the Foundation, as a quasi-public entity, comply with all provisions of the Louisiana audit law.

Expenditures in Possible Violation of State Law

Louisiana law states that when public assistance is received and/or expended by a quasi-public agency and is then commingled with other funds of the quasi-public agency, such assistance and other funds of the quasi-public agency shall be audited as public funds.⁷ Reviews of the Foundation's records indicate that the expenses incurred by the Foundation were not accounted for as to whether they were for public or private use. As a result, it cannot be determined whether funds expended were private or public funds; therefore, we considered all funds as public and subject to laws pertaining to public funds.

⁷ **R.S. 24:513 J(d)** provides, in part, that "... if state or local assistance received and/or expended by a quasi public agency or body is commingled with other funds of the quasi public agency or body then such state or local assistance and other funds of the quasi public agency or body shall be audited pursuant to Subparagraph (1)(c) of this Subsection."

During our review of the Foundation's expenditures, it appeared that funds were used for personal purchases, improper entertainment expenses, and other donations. Because the expenditure of these funds did not appear to have a public purpose, many of these expenditures may have violated Article VII, Section 14 of the Louisiana Constitution.⁸

To determine if an expenditure of public funds is in accordance with Article VII, Section 14 of the Louisiana Constitution, the attorney general in Opinion 09-0018 indicated that "the public entity must have the legal authority to make the expenditure" and must show the following:

1. A public purpose for the expenditure or transfer that comports with the governmental purpose the public entity has the legal authority to pursue
2. The expenditure or transfer; taken as a whole, does not appear to be gratuitous
3. Evidence demonstrating that the public entity has a reasonable expectation of receiving a benefit or value at least equivalent to the amount expended or transferred

The following is a list of expenditures totaling \$96,090, which do not appear to meet this three-prong test:

Personal Purchase

Based on our review of documentation and interviews with Mr. Dunn, we found that on September 18, 2006, Mr. Dunn wrote a check totaling \$1,957 to Tournament Players Club of Louisiana (TPC). According to TPC, this was payment for Mr. Dunn's 2006-2007 annual golf membership dues. Mr. Dunn stated that this was a form of payment to himself for directing the Foundation because he does not receive a salary. However, according to the Foundation's checking account, Mr. Dunn received \$20,468 in pay and \$11,586 in medical benefits from October 2004 to June 2008. During our review, we were not provided with any documentation to indicate that Mr. Dunn had board approval to make this payment.

Improper Entertainment Expenses

From November 30, 2006, to December 3, 2006, the Foundation board used funds totaling \$8,780 to hold a board retreat in Doral, Florida. According to Mr. Dunn, the board retreat was held in Doral, Florida to reward the members for their participation on the board. However, according to three board members, this board retreat was only the second board meeting held since the Foundation was first organized in 2004. Mr. Dunn stated that he incurred these expenses and was later reimbursed by the Foundation. The total costs for this trip were comprised of \$6,071 for golf fees, \$2,548 for hotel expenses, and \$161 for one meal attended by the Foundation's board. According to board

⁸ **Article VII, Section 14 of the Louisiana Constitution** provides, in part, that except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

members, the only business that was conducted was at meetings that were held over meals, after playing golf. According to documentation from the Foundation, there was only one receipt for meals submitted for reimbursement by Mr. Dunn.

A receipt with no listed detail as to the items purchased is not adequate documentation as it does not provide enough documentation to support the business purpose for the charges. For example, credit card charge tickets for meals do not allow for verification of the number of meals purchased, who attended the meal or the business purpose for the charges. Therefore, the detailed meal receipt should be submitted for supporting documentation along with a list of individuals who attended the meal and the business purpose. Receipts for the meal and golf fees reimbursed by the Foundation lacked this documentation.

The Foundation board retreat to Doral, Florida, does not appear to meet the requirements of Attorney General Opinion 09-0018 because the expenses appear to be celebratory in nature, for personal benefit and do not have a public purpose or do not provide a value equivalent to the amount expended. In addition, the use of public funds for personal vacations may be a violation of state law.

Scholarships, Sponsorships, and Other Donations

In addition to possible violations of Article VII, Section 14 of the Louisiana Constitution, the Foundation may have also violated its contracts with Jefferson Parish and the LFRC by donating funds to other organizations for purposes outside of the scope of services listed in the Jefferson Parish and LFRC contracts. Foundation records indicate that funds totaling \$85,353 were used for other various donations, which included the following:

- \$38,160 for sponsorships to various local schools, school clubs, civic organizations, religious organizations, and other charities
- \$36,696 for donations to local churches for tutorial programs and school supplies, these donations were not part of the payments to local churches by Diversified Ventures under the DOE contract
- \$10,497 for scholarships to Faith Academy, Manning Passing Academy, Delgado and Loyola

Questionable Transactions

A review of documents from the Foundation and Louisiana Secretary of State indicate that Mr. Dunn used the Foundation address, located at 2273 Barataria Blvd. Ste 7, in Marrero, Louisiana, for at least two personal businesses, LDJ Enterprises and Exceptional Industrial Services. The Louisiana Secretary of State also lists Debris Management, LLC, managed by Foundation Board Member Eric Thompson, as using the Foundation's business address.

From August 2004 to August 2007, the cost of rent for this office space totaled \$27,700 of which the Foundation paid \$20,331. The difference, according to Mr. Dunn, was paid for by the Jefferson Community Healthcare Centers (the Clinics), a quasi-public nonprofit. Mr. Dunn stated that prior to the Foundation using the Marrero office, it was the executive office for the Clinics. A review of the Clinics accounting records showed that from August 2004 to August 2005, the Clinics paid \$7,700 for rent and \$1,572 for utilities at the Barataria office. As a result, the Foundation and Clinics may have violated Article VII, Section 14 of the Louisiana Constitution by donating the use of the Barataria office to private businesses without a public purpose if the office was used, not just as an address to register the personal business, but as a location to conduct personal business.

We recommend that the Foundation board:

- (1) document the business purpose of expenditures;
- (2) discontinue out-of-state board retreats and meet locally;
- (3) conduct meetings for public purposes; and
- (4) seek reimbursement for all non-public expenditures.

Lack of Board Oversight

The Foundation does not appear to have proper board oversight and management of the fiscal operations needs improvement. Without board oversight and an effective financial management system, the executive director and board of directors cannot effectively exercise their fiduciary responsibilities of managing the Foundation's finances.

Board of Directors Lack of Oversight

During our review, we were provided with no evidence to indicate that the Foundation's board of directors meets regularly or provides any oversight over the Foundation's operations. According to board members Joseph Ewell, Eric Thompson, and Michael Parker, the board has only met once, during a board retreat in Doral, Florida, since organizing the Foundation in 2004. They stated that the board allows Mr. Dunn to operate the Foundation with no board oversight. Board members were unable to supply a copy of the Foundation's bylaws or policies and procedures. As a result of the Foundation being mainly funded with public funds and having been founded to provide a public benefit, the Foundation may be subject to the Open Meetings, Public Records, and Public Bid laws according to Attorney General Opinion 78-1183.

Board Member Conflict of Interest

Through further review of the Diversified Ventures invoices and interviews with Board Member Michael Parker, it was discovered that Diversified Ventures shared office space with businesses owned and operated by Foundation board members Michael Parker and Eric Thompson at both addresses listed on the Diversified Ventures invoices. According to records obtained from the Secretary of State, Michael Parker was listed as a manager on Diversified Ventures corporate filing documents but was removed in 2004. When initially asked if he had a relationship with any vendors of the Foundation, Mr. Parker stated that he did not. In a later interview, Mr. Parker explained that he did share office space with Diversified Ventures but no longer had any other business affiliation with Diversified Ventures. Mr. Parker added that he currently allows Diversified Ventures to use his office space free-of-charge. As a result of their previous business and current relationship, board members Michael Parker and Eric Thompson may have a conflict of interest regarding Foundation business decisions involving Diversified Ventures.

Grass Fines Imposed by Jefferson Parish

In 2006, property located at 200 Marrero St. and 200 East St. was donated to the Foundation. From August 2007 to December 2009, the Foundation failed to maintain the grass at these properties. As a result, Jefferson Parish hired a contractor to provide grass maintenance at these addresses. According to invoices obtained from Jefferson Parish Code Enforcement, the Foundation currently owes \$11,230 to Jefferson Parish for grass maintenance and administrative fees.

Lack of Liability Insurance

From November 2004 to August 2008, the Foundation had seven cooperative endeavor agreements (contracts) with Jefferson Parish and two contracts with the LFRC. Under these contracts, the Foundation received \$240,000 from Jefferson Parish and \$324,413 from the LFRC. The contracts provided funding to the Foundation for services such as summer camps and supplying school uniforms to children.

Under terms of all these agreements, the Foundation was required to carry \$1,000,000 in liability insurance coverage. After reviewing the Foundation's checking account and supporting documentation, it appears that the Foundation only held one liability insurance policy that had valid coverage commencing on August 1, 2007, and terminating on August 1, 2008. The total cost incurred by the Foundation for liability coverage under this policy was \$1,250. Because of the lack of insurance coverage from 2004 until July 2007, the Foundation appears to have violated the terms of its contracts during this time period.

We recommend the following:

1. The board should develop and adopt bylaws to define the governance and oversight to be provided by the board of directors.
2. Bylaws should include board participation, frequency of board meetings; the process for recording minutes of board meetings and the process by which the board will prepare, adopt, monitor, and amend an annual budget.
3. The bylaws should also provide for the nature, extent, and frequency of financial reporting information that should be provided to management and the board of directors.
4. Board members should disclose all business relationships that may or do cause a conflict of interest for the Foundation and abstain from taking part of any board votes pertaining to these relationships.
5. The board should review all property owned by the Foundation and ensure that all required maintenance is performed.
6. The board should review all contracts held to ensure that the Foundation is in compliance regarding liability insurance and other contractual requirements.

Lack of Controls and Documentation

Accounting

During a review of accounting records and supporting documentation, we noted that the Foundation has no accounting system in place. The Foundation did have a handwritten check register that was reviewed by auditors. According to Mr. Dunn, this register was created in 2008 for Rebowe & Associates to use while preparing the Foundation's 2006-2008 tax returns. Mr. Dunn stated he did not regularly use a check register, carbon copy checks, or any other type of accounting for expenditures made by the Foundation.

Time/Attendance Recordkeeping, Payroll, and Contract Labor

The Foundation did not maintain adequate employee/contract labor time/attendance and wage records to support payroll payments. The Foundation could not supply adequate time and wage records (e.g., time sheets, time cards, etc.) documenting hours worked for August 2004 to May 30, 2008. The records with complete documentation that the Foundation was able to supply were for the time period May 31, 2008, through June 27, 2008, when the Foundation's payroll was processed by Paychex. During this time period, \$20,057 was paid to camp employees. Without time/attendance and wage records, including evidence of supervisory review and approval, auditors could not ensure that hours worked were accurate or that funds were spent appropriately.

Payroll Controls

Controls over payroll/personnel appear insufficient. Payroll duties were not adequately segregated with a proper system of checks and balances. Good business practices and proper controls dictate that duties should be segregated to the extent possible so that no one individual performs/controls all duties related to an accounting function. Without segregation of duties and adequate oversight, errors or fraud could occur and not be detected, increasing the risk of loss or theft of assets. In addition, because of the lack of supporting documentation, the Foundation cannot verify that funds were expended for purposes required by the state.

Federal Payroll Taxes and IRS Form 1099

As an employer, the Foundation is required to withhold certain taxes from employees' pay checks, including federal income tax withholding, Social Security, and Medicare taxes. The organization, as the employer, must withhold and deposit the employee's part of the taxes and pay a matching amount. Federal income taxes, Social Security, and Medicare must be reported on Internal Revenue Service (IRS) Form 941, Employer's Quarterly Federal Tax Return. In addition to employee tax withholdings, the Internal Revenue Code requires that IRS Form 1099-MISC be filed for all persons whom the Foundation paid non-employee compensation exceeding \$600 in one year.

During our review, we noted that from June 2004 through December 2008, the Foundation paid \$256,822 to 114 individuals resulting in 141 instances where a W-2 or 1099 may have been required by the IRS, but because of a lack of documentation, it could not be determined if these individuals were Foundation employees or contractors. As a result, the number of W-2s or 1099s the Foundation was required to file could not be determined.

However, according to records, the Foundation did file 19 1099s in 2006 and 13 W-2s in 2008. Of the remaining 109 instances where tax filings may have been required, 70 instances met the \$600 threshold, requiring a Form 1099 to be filed. As a result, the Foundation failed to properly file 1099s and W-2s as required by law. It should be noted that from 2004 to 2008, Mr. Dunn was paid \$20,468 and received \$11,568 in payments for medical benefits. The Foundation could not provide any tax information such as 1099s or W-2s regarding the income and benefits that Mr. Dunn received.

IRS Form 990

The Internal Revenue Code requires that IRS Form 990 be filed annually for all nonprofits that have annual gross revenue in excess of \$25,000. During a review of Foundation records, auditors noted the following items:

- The Foundation did not file Form 990s for 2004 and 2005.
- The Foundation listed expenses on the 2006, 2007, and 2008 Form 990s that were not incurred.

- Mr. Dunn's salary was not listed on the 2006 Form 990.
- Mr. Dunn's benefits were not listed on the 2006, 2007, or 2008 Form 990s.

According to Mr. Dunn, the Foundation has failed to file Form 990s for 2004 and 2005. The Foundation had gross revenue totaling \$62,225 in 2004. According to the IRS,⁹ this amount of revenue would require the Foundation, at minimum, to file a Form 990-EZ and 990 Schedule A for 2004. In 2005, according to Foundation bank records, the Foundation had gross revenue of \$112,500. According to the IRS,¹⁰ this amount of revenue would require the Foundation, at minimum, to file a Form 990 and 990 Schedule A for 2005. Failure to file could result in the organization being removed from Publication 78¹¹ which, once notice of removal was published in the Internal Revenue Bulletin, would result in donations made to the Foundation no longer being tax deductible by the contributor.

The Foundation's 2006, 2007, and 2008 Form 990s state that the Foundation purchased a Voyager math program for Lincoln Elementary each year. In addition, the Foundation claims expenses of \$14,000 per year for tutorial program expenses. According to the Foundation's records, it only provided Voyager products to Lincoln Elementary in March 2007 at a cost to the Foundation totaling \$8,000.

Foundation records for 2006 indicate that Mr. Dunn was paid \$8,468 as the summer camp director and received \$8,506 of insurance benefits paid by the Foundation from January 2006 through June 2008. The 990s for 2006, 2007, and 2008 do not list any compensation or benefits paid to Lester Dunn during these years.

Lack of Documentation

According to practice, a majority of the Foundation's expenditures were paid for with handwritten checks. An examination of these transactions for July 2004 through February 2010 indicates that the Foundation did not maintain adequate supporting documentation of expenses. Bank statements and non-itemized invoices and receipts alone are not adequate documentation, as they do not provide enough detail to support the business purpose for the charges. Numerous charges appeared on the bank statements that had no supporting documentation. For example, a non-itemized receipt for meals does not allow for the verification of the number of meals purchased or for whom the meal was purchased. Therefore, a detailed receipt should be submitted for supporting documentation.

As part of our review, we requested documentation for all financial transactions of the Foundation from July 2004 through February 2010. A review of the Foundation's bank statements and check copies showed that the Foundation had 440 transactions totaling \$597,694 in which the payee was not an individual. The Foundation supplied documentation, which included detailed documentation, such as receipts and invoices, for 140 transactions totaling

⁹ IRS 2004 Form 990 Instructions page 2

¹⁰ IRS 2005 Form 990 Instructions page 2

¹¹ IRS 2005 Form 990 Instructions page 2

\$400,271 (67%). There was no documentation for the remaining 300 transactions totaling \$197,423 (33%).

Vendor Invoices Created by Foundation

During our review, auditors noticed that the Foundation issued 43 checks made payable to local churches in Jefferson Parish totaling \$36,697. According to Mr. Dunn, these churches were given funds directly from the Foundation for tutoring programs, which were not part of the tutorial program funded by the DOE. Nine invoices were obtained from the Foundation which were from three churches that received payments totaling \$5,750. While reviewing these invoices, it was noted that they appeared similar in format. When presented with the invoices for their prospective church, each of the three churches stated that it did not create the invoices. However, the churches stated that they had received the payments from the Foundation. When asked where the invoices came from, Mr. Dunn stated that he created them to represent the expenses for Rebowe & Associates, when they were compiling documentation for the Foundation's 2006-2008 Form 990 tax returns.

We recommend the Foundation:

- (1) evaluate the overall business operations and restructure/reassign duties to provide an adequate system of checks and balances;
- (2) develop detailed policies and procedures to create accounting functions and to ensure that they are segregated, subject to supervisory review and approval and properly documented;
- (3) develop detailed policies and procedures to ensure proper documentation of all expenses and these policies and procedures require vendors to submit invoices with detailed/itemized expenses, including hours worked, detailed descriptions of work performed;
- (4) develop written policies and procedures to ensure that all amounts paid to employees as compensation are properly included on Form W-2;
- (5) comply with the federal tax code by reporting all payments to contract laborers as 1099 Miscellaneous Income;
- (6) develop written policies and procedures to ensure that IRS Form 990 is filed on time annually and that all information contained on the 990 is accurate;
- (7) establish and implement additional policies and procedures to ensure that public funds received by the Foundation are properly accounted for, documented, and spent in accordance with laws regarding public funds;
- (8) maintain a written employment contract with Mr. Dunn to stipulate his salary and benefits to be received; and
- (9) maintain itemized receipts for all expenditures.

**Jefferson Parish Council Member Possible Violation
of Law and Conflict of Interest**

From November 2004 through August 2008, the Jefferson Parish Council passed five resolutions and two ordinances authorizing cooperative endeavor agreements between the Parish and the Jefferson Sports and Scholastic Foundation to provide funding totaling \$240,000. As a member of the Jefferson Parish Council, Councilman Byron Lee made the five motions which put forth the resolutions to provide funding to the Foundation. These resolutions put forth by Councilman Lee resulted in over \$170,000 in Parish funding for the Foundation. A review of checks and bank statements showed that from June 2005 to August 2007, the Foundation paid two of Councilman Lee's siblings and his son a total of \$3,785. Councilman Lee may have violated R.S. 42:1112¹² by voting to approve funding for the Foundation while members of his immediate family may have had a substantial economic interest in the Foundation.

¹² **R.S. 42:1112B** states, in part, that "No public servant, except as provided in R.S. 42:1120, shall participate in a transaction involving the governmental entity in which, to his actual knowledge, any of the following persons has a substantial economic interest: (1) Any member of his immediate family."

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The Jefferson Sports and Scholastic Foundation, a nonprofit corporation, was established in January 2004. According to the articles of incorporation, the purpose of the Foundation is to provide athletic and academic support to the youth of Jefferson Parish, Louisiana. The Foundation was initially funded through \$42,225 in private and public donations and fees that were generated through an Economic Summit, which was arranged by Jefferson Parish Councilman Byron Lee. Following this Summit, the Foundation began to receive funding through cooperative endeavor agreements with Jefferson Parish to provide summer camps, after-school tutorial programs, and school uniforms to children in Jefferson Parish. These agreements continued until 2008 and totaled \$240,000. In the spring of 2006, the Foundation received a contract award from the Louisiana Family Recovery Corporation, a state and federally funded nonprofit, to provide summer camps for children displaced by hurricanes Katrina and Rita. In August 2006, the Foundation received a line-item appropriation in House Bill 1 for \$200,000 to be distributed by the Department of Education for a tutorial program, which the Foundation was to hold at local playgrounds. The Foundation also received \$33,000 in 2008 when Jefferson Councilman Byron Lee donated funds from his campaign to help fund the summer camps.

Because of the amount of public funding received, the Foundation is required under Revised Statute 24:513 to submit sworn annual financial statements (through an audit, compilation, or review depending on the amount of funding) but only did so for the year ended December 31, 2008. The Foundation was required to have an annual review for the year ended December 31, 2007. This report was due to the Louisiana Legislative Auditor (LLA) on June 30, 2008, and because it was not received, the Foundation was placed on the LLA non-compliant list on July 16, 2008. Further examination of public funds received by the Foundation indicates that a compilation should also have been performed and submitted to LLA for the year ended December 31, 2005, with an annual review performed and submitted to LLA for the year ended December 31, 2006. This report addresses our review of the public funds expended by the Foundation since its inception.

The procedures performed during this audit included:

- (1) interviewing employees of the Foundation;
- (2) interviewing vendors of the Foundation;
- (3) examining selected documents and records of the Foundation;
- (4) gathering documents from external parties; and
- (5) reviewing applicable state laws and regulations.

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Management's Response

Tutorial Program Funded Through Louisiana Department of Education

I. Provided all requested documents and reports to DOE and applied for reimbursement. All reports were approved and reimbursement checks were issued from the beginning of the program until April 24, 2007.

II. All quarterly reporting in contract were a requirement to obtain reimbursement and at no time did it require the foundation to report quarterly on funds advanced, and DOE never requested any additional documentation.

Change of Scope and Failure to Meet Contract Deliverables

The teaching sites of the program were changed, but the area of impact (District 3 of Jefferson Parish) remained the same. The sites were changed, because Jefferson Parish Recreation Department would not allow us to use the playgrounds for our programs as they were unable to secure the computers. The scope of the contract, To offer students foundation skills to be success in Reading, English and Math in the classroom, and on standardized testing. Funds will allow contractor to offer a tutorial and computer skills program that will offer students foundation skills to be successful in Reading, English and Math. Certified teachers will facilitate the instruction, was never changed.

Lack of Documentation for Professional Services within the DOE Contract's Scope

The Foundation provided the documentation required for professional services billed by vendors to the DOE contract manager and at no time did they ask for anything more.

Foundation Director Lester Dunn never stated that he contacted local churches that were already operating tutorial programs using volunteers and offered to pay the volunteers. Mr. Sylvester Williams contacted the majority of the churches who were operating tutorial programs and advised them of the requirements of the tutorial programs.

Invoices that were provided to the foundation by Diversified Ventures were the same invoices that were provided to the DOE for reimbursement purposes and JSSF was never told anything else was needed.

Certified Teachers

Mr. Dunn said that Diversified Ventures were higher because the contract was on a reimbursement basis. The 15% administration fee was on the invoices that were approved by DOE.

Use of Unlisted Contractor for Computer Training

The contractor not listed in the DOE contract (IAMN) was listed on the invoices of the vendor who was using their service. For purposes of reimbursement, these invoices were sent in to the DOE contract manager, and these charges were approved for reimbursement.

Charges Not in the Scope of the DOE Contract

The foundation purchased twenty-nine computers. Twenty-five of these computers were distributed to local churches for the tutorial program. Four computers were used for foundation business (two desk tops and two laptops).

Computer Related Charges

On April 22, 2010 Strategic Solutions received a letter From JSSF requesting a detailed explanation of all billing of their products and services performed (see attached letter exhibit 7).

Voyager Software Purchase

The Voyager System is nationally recognized in Reading and Math for at risk students, and therefore certainly was within the scope of the DOE contract which was to offer foundation skills to be successful in Reading, English and Math. Computer programs were only one allowed use of funds.

Summer Camps Conducted by Foundation

Lack of Camp Attendance Documentation

The sign-in sheets were used for attendance every day, unfortunately the sign-in sheets were destroyed in December of 2009 (Please see attached affidavit from Mr. Sylvester Williams - exhibit 1).

The sign-in sheets that were obtained by the LLA from Johnny Jacobs's pool, where the number of campers listed on the sign in sheets ranged between 39 and 129 per day, were individual camp sites. Additionally, not all camp attendees chose to go swimming on any day. Camps were being held at four sites, so stating that 39 to 129 went swimming from one site literally states that there were three other sites and significantly more total camp attendees on a daily basis.

Possible Violations of LFRC Contract

In 2007, the LFRC allowed JSSF to submit 100 kids daily for reimbursement. JSSF serviced approximately 200 kids daily. At the Kennedy Heights Camp location, JSSF submitted 25 names for reimbursement to the LFRC. JSSF provided breakfast, lunch, and a snack for 50 kids daily at Kennedy Heights. JSSF also funded field trips and two counselors for the Kennedy Heights Camp. JSSF went above and beyond the 100 camper limitation and could have easily submitted 100 kids from the other sites. The number of campers serviced by the foundation was never misrepresented, only under represented.

2006 Camp Food Service

Emma's Meals on wheels provided food for Johnny Jacobs and MLK Playgrounds only for one week. The remaining duration of the camp, Emma's meals on wheels provided food only at Johnny Jacobs Playground at 125 kids per day. Diversified Ventures provided meals for MLK, Kennedy Heights, and Williams Play Lot. Diversified Ventures agreed to provide lunches for any number of kids over 150 at these three sites for free. Foundation records do not show any checks written to Mrs. Janet Birden. Copies of checks also show that Ms. Crissy Birden wrote only a small minority of checks for the foundation.

2007 and 2008 Food Service

Faith Summer Program provided all of the meals that they were payed for and performed above and beyond the expectations of the foundation.

Profit Overhead and Fee Miscalculation

Although our calculation of the miscalculation and the auditors differ, we have asked Diversified Ventures to recalculate and refund all funds that were miscalculated.

Foundation Paid for Meals on Days Camp Was Not Held

We have asked Diversified Ventures to recalculate and refund all funds that were miscalculated.

Camp Services Provided by Diversified Ventures

Services performed by Diversified Ventures that the foundation regularly performed or arranged itself were needed because the foundation was being reimbursed for services previously performed. The foundation was lacking the advanced funds for the services and Diversified Ventures performed these services with an understanding of being paid when the foundation was paid. These services for the campers would not have been possible without Diversified Ventures agreeing to those terms. Nine buses that Diversified was paid for during the week of July 3rd through July 7th are correct. Diversified Ventures shuttled campers to a school to be tutored and provided buses for field trips that week.

Mentorship Program

As of 8/27/06 the foundation had \$219.62 of comingled public and private funds in the account. From that date to 12/31/06, no further public funds deposited to said account. However, \$138,410 of private funds were deposited into said account. For the auditor to suggest that the \$40,000 paid to One Source were public funds, in light of the deposits made surely is suspect.

Sources and Uses of Public Funds By the Foundation

The foundation did receive \$858,049 in funding, but the only public funds the foundation received were from Jefferson Parish and the Department of education totaling \$450,150. The remaining \$407,898 were private funds, the \$324,413 from the LFRC were not public funds but private funds (see attached letter from LFRC and LFRC audit doc. Exhibit 4 and 5)

Personal Purchases

Mr. Dunn received \$15,000.00 in salary in 2005 and \$5,468.00 in 2006. When the check for TPC was written on September 8, in 2006, Mr. Dunn was not receiving a salary and has not received a salary since. Board members agreed that Mr. Dunn would have an expense account of \$ 5,000.00 annually. This was the only expense incurred by Mr. Dunn, and it was from private funds. Furthermore, Mr. Dunn paid \$2,800.00 on 8/5/08 to Rebowe & Associates for audit purposes. On 8/20/08, Mr. Dunn deposited \$920.00 cash in the JSSF account to cover expenses and from August of 2008 to December of 2008. Mr. Dunn also paid \$450.00 per month for the foundation office rent (please see attached checks – exhibit 2). Mr. Dunn has never been reimbursed for these expenses; therefore, the foundation still owes Mr. Dunn \$5,960.00. Additionally, in 2006 and 2007 Mr. Dunn also loaned the foundation \$27,200.00 (of which he was reimbursed) to keep JSSF programs going.

Improper Entertainment Expenses

Funds used for payment of the board retreat were not public funds but private. The retreat was held to foster a closer relationship between board members and to encourage greater participation. For the four days the board members were together, they participated in many meals together, but paid for the themselves. Board members also paid there airfare to and from the retreat. The board retreat was never meant to be celebratory in nature and as stated before was not paid for with public funds.

Scholarship Sponsors and Other Donations

Funds received from the LFRC were private funds that were reimbursed after the services were provided. Since these funds were private funds, they were unrestricted.

The \$36,696 that was used to fund tutorial programs done in the fall of 07 and the spring of 09 had nothing to do with Diversified Ventures. Invoices given to the auditors show that the programs were paid directly from the foundation. Auditors took the invoices to the locations, and they were verified.

Questionable Transactions

LDJ Enterprises, Exceptional Industrial Services, and Debris Management LLC never conducted any business at the Barataria office. There were never any meetings or any other business held there. Mail was received at the Barataria Office for LDJ Enterprises. Debris Management never conducted any business there nor received mail there, and there was no space provided for these businesses. In response to the audit's explanation as to the rental confusion at the office located at 2273 Barataria Blvd., please see attached letter from Jack Stumpf and Associates regarding the lease (Exhibit 3).

Board of Directors Lack of Over Sight

While Councilman Lee may have been involved in the thought process of the creation of this foundation, Councilman Lee was never involved in any of the decisions or the operations of JSSF (please see attached affidavit from board chairman Mr. Michael Parker stating the same exhibit 6).

The board has bylaws and procedures that were perfected in 2005; however the board is contracting with private council to update bylaws, policies and procedures.

Board Member Conflict of Interest

Mr. Michael Parker was removed as a manager from Diversified Ventures in 2004. Diversified Ventures did not conduct any business with the foundation until June of 2005. Mr. Michael Parker and Mr. Eric Thompson never asked foundation Director Mr. Dunn to employ Diversified Ventures at any time.

Grass Fines Imposed by Jefferson Parish

Because of the financial position of JSSF, the foundation is unable to pay the grass fine imposed by Jefferson Parish. The documents for the properties were turned over to Jefferson Parish before this audit began.

Lack of Controls and Documentation

Accounting, Time/Attendance Recordkeeping, Payroll and Contract Labor, Federal Payroll Taxes and IRS Forms 1099, IRS forms 990, Lack of Documentation.

The board has contracted a private CPA firm to address the above matters.

Jefferson Parish Council Member Possible Violation of Law and Conflict of Interest

From 2004- August 2008 the foundation received \$858,049 of public and private funds. \$3785 paid from funds represents less than .44% of total, or less than half of 1% of total funding. This is also less than 1.58% of the Jefferson Parish funding; neither can be viewed as substantial economic interest.

Again this law does not apply. Further there is no violation of any law here. **Please strike from report all paragraphs related to this matter.**

EXHIBIT LIST

- Exhibit 1 Sylvester Williams
- Exhibit 2 Checks from Mr. Dunn that have not been reimbursed
- Exhibit 3 Letter from Jack Stumpf and Associates
- Exhibit 4 Letter from LFRC
- Exhibit 5 LFRC Audit documents
- Exhibit 6 Affidavit from Michael Parker
- Exhibit 7 Letter to Strategic Solutions
- Exhibit 8 Final statements presented by Mr. Ken Paillet

**STRATEGIC SOLUTIONS OF LA, LLC
3040 HUDSON ST.
NEW ORLEANS, LA 700114**

Dear Mr. Williams,

As I am sure you are well aware of, Jefferson Sports and Scholastic Foundation (JSSF) is undergoing an audit by the Louisiana Legislative Auditors office (LLA).

Upon reviewing Strategic Solutions invoices, I am requesting with greater detail an explanation of the products and services that were billed by your company.

Please provide a detailed narrative and or documentation of each line item that appears on the invoices.

I do understand that these transactions took place several years ago, your prompt assistance in this matter is greatly appreciated.

Thanking you in advance for your cooperation. Should you have any question this letter did not outline, I can be reached at 504-362-9844.

Thank you,

Lester Dunn Jr.,

Executive Director, JSSF

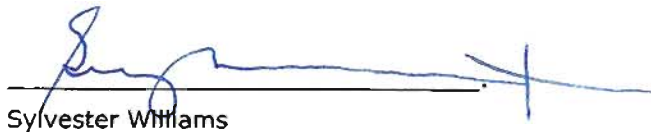
Affidavit

I, Sylvester Williams, of Jefferson Parish in the State of Louisiana, make oath and say as follows:

Beginning in 2006, I, Sylvester Williams managed all personnel and kept in my possession all time sheets for summer camp employees. I also kept in my possession all time sheets that were presented to the Jefferson Sports and Scholastic Foundation for the tutorial programs that were funded by the foundation. All sign in sheets for summer camp participants were also in my possession.

Unfortunately, in December of 2009, all such documents were destroyed.

SIGNED AND SWORN


Sylvester Williams

Sworn to and subscribed before me on this 7th day of October 2010.

Michelle E. Scott-Bennett

Notary Michelle E. Scott-Bennett

Notary No: 56884

Front

LDJ ENTERPRISES, LLC
504 348-2350
2273 HARATARIA BLVD STE 7
MARRERO LA 70072

Date 8/5/08 14-75052650

Pay to the Order of REBOWE + COMPANY \$ 2,800.00

Two Thousand Eight Hundred and no Dollars

ASI Harahan Branch
Federal Credit Union 5505 Canal Boulevard
Harahan, Louisiana 70123

Memo

⑆265075087⑆4400054498403⑆ 0771 ⑈0000280000⑈

© 2004 SECURITY FIRST NATIONAL BANK, INC.

Back

ENDORSE HERE

FOR DEPOSIT ONLY
REBOWE + COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
ACCT-#350004712

DO NOT WRITE, STAMP, OR SIGN BELOW THIS LINE.

⑆055003453⑆

⑆08112008⑆

⑆0610⑆0014⑆6⑆

ENT=2255 TRC=2258 PK=13

⑆0414977228⑆

⑆08112008⑆

⑆0610⑆0014⑆6⑆

ENT=2255 TRC=2258 PK=13

Front

Front

EDJ ENTERPRISES, LLC
704 348-2250
2271 BARATARIA BLVD STE 7
MARRERO LA 70072

Date 8/6/08
14-75082650

772

Pay to the Order of GRENA PLAZA Bldg. \$ 450.00
FOUR HUNDRED FIFTY AS 00/100 Dollars

ASI
Federal Credit Union
5508 CUNY Boulevard
Kenshoo, Louisiana 70123

Memo #721 Rent

⑆26507508⑆⑆4400054498403⑆ 0772 ⑈0000045000⑈

© 2000 LIBERTY ENTERPRISES, INC.

[Back](#)

[illegible]

14-75087-650

9/12/08

Pay to the
Order of _____

Pay to the Order of GREYNA PLAZA Bldg. -- \$ 450.00

Four Hundred Fifty ^{and} no two Dollars



ASI
Federal Credit Union

Hampton Beach
5506 Curry Boulevard
Hampton, Louisiana 70123

For Kent # 121 JSSA

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Various Types

Back

065000090

02/17/98

526-45

300090491

FOR DEPOSIT ONLY
GREYNA PLAZA BUILDING
294114-0

Front

LDJ ENTERPRISES, LLC
504 348-2250
1500 LAFAYETTE ST SUITE 121
GRETN LA 70053

807

14-7508/2580

1016105

Pay to the
Order of

GRETN PLAZA Bldg. 1 \$ 450.00

Four Hundred Fifty + 00/100 Dollars

ASI
Federal Credit Union
Marathon Branch
5508 Curtis Boulevard
Marathon, Louisiana 70123

For Rent # 121 JSSE

[Signature]

⑆265075087⑆4400054498403⑆ 0807

Marathon Branch

Back

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100236585 1010968
CAPITAL ONE, N.A.

FOR DEPOSIT ONLY
GRETN PLAZA BUILDING
2941140

Front

LDJ ENTERPRISES, LLC
504 345-2250
1500 LAFAYETTE ST SUITE 121
GRETN LA 70053

811
14-75087650

10/4/09

Date

Pay to the
Order of

GRETN PLAZA BLDG. \$ 450.00
FOUR-HUNDRED FIFTY & 00/100 Dollars



Harahan Branch
5308 Clinton Boulevard
Harahan, Louisiana 70123

For

Rent #

121

JSSC

⑆265075087⑆14400054498403⑈0811

MEMO DATE

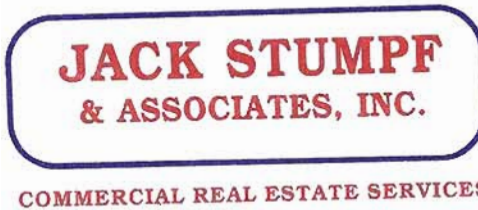
Back

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0003399675 11122098
CAPITAL ONE, N.A.

FOR DEPOSIT ONLY
GRETN PLAZA BUILDING
2941140

↓

FOR DEPOSIT ONLY
GREYNA PLAZA BUILDING
294114-0



September 29, 2010

To Whom It May Concern:

RE: 2273 Barataria Boulevard
Unit #7
Marrero, Louisiana 70072

This is to inform you that Byron Lee used this location for his campaign head quarters only on a month-to-month basis. After the campaign this unit was leased to Jefferson Community Health Care Center and then to Jefferson Sports and Scholastic Foundation. They were directly responsible for the payment of rents and utilities. Mr. Lee was in no way responsible for anything on these leases. If you have any questions on the above or if I can be of any further assistance please call. Thanks

Cordially,
JACK STUMPF AND ASSOCIATES, INC.

Cybble M. Bucceri
Property Manager

CMB



L O U I S I A N A

Family Recovery Corps

Driving Human Recovery

225.381.3915 TELEPHONE
866.912.5372 TOLL FREE
225.381.3916 FACSIMILE
Post Office Box 3017
Baton Rouge, Louisiana 70821

August 8, 2007

Lester Dunn
Jefferson Sports & Scholastic
2273 Barataria Blvd
Suite 7
Marrero, LA 70072

RE: Department of Social Services legislative audit

Dear Mr. Dunn:

The Department of Social Services (DSS) is being audited by the Legislative Auditor. Said auditor wishes to examine summer camp expenditures done by the Louisiana Family Recovery Corps (LFRC) as the Recovery Corps is contractor in a contract executed with the DSS.

We have prepared and submitted to DSS a matrix in which we have identified categories and provided the relevant contractor information. Those categories are: 1) "Agency" 2) "Location" 3) "Contract Amount Funded" and 4) "Funding Source."

Should the Legislative Auditor contact you and inquire about any information other than what was provided in the previously mentioned matrix, do not comply with the request; please inform the auditor that you are funded by private funds and instruct the auditor to contact me at (225) 381-3915.

Sincerely,

Donna M. Mayeux,
Chief Administrative Officer

LFRC OFFICES:
339 Florida Street, Suite 200
Baton Rouge, Louisiana
70801

LOUISIANA FAMILY RECOVERY CORPS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2006 AND
FROM INCEPTION (OCTOBER 13, 2005) To DECEMBER 31, 2005

	2006			2005
	Unrestricted	Temporarily Restricted	Combined Total	Unrestricted Totals
REVENUES AND SUPPORT:				
Government contracts				
Billed	\$ 15,894,274	\$ -	\$ 15,894,274	\$ 30,146
Unbilled	150,676	-	150,676	40,576
	16,044,950	-	16,044,950	70,722
Private contributions	367,151	6,211,771	6,578,922	447,000
Interest	61,505	-	61,505	435
Total revenues before reclassifications	16,473,606	6,211,771	22,685,377	518,157
Net assets released from restrictions	2,530,211	(2,530,211)	-	-
Total revenues and support	19,003,817	3,681,560	22,685,377	518,157
EXPENSES:				
TANF program	14,683,295	-	14,683,295	53,890
Private group programs	2,698,637	-	2,698,637	103,568
SSBG program	1,086,810	-	1,086,810	-
Youth and Development program	266,642	-	266,642	-
Total program expenses	18,735,384	-	18,735,384	157,458
Management and general expenses	81,043	-	81,043	91,201
Fundraising expenses	122,192	-	122,192	-
Total expenses	18,938,619	-	18,938,619	248,659
INCREASE IN NET ASSETS	65,198	3,681,560	3,746,758	269,498
Net assets - beginning of year	269,498	-	269,498	-
Net assets - end of year	\$ 334,696	\$ 3,681,560	\$ 4,016,256	\$ 269,498

See accompanying notes to financial statements.

Affidavit


I, Michael Parker, of Jefferson Parish in the State of Louisiana, make oath and say as follows:

I, Michael Parker, state that Councilman Byron Lee never participated in any board meeting nor had any decision making authority for the Jefferson Sports and Scholastic Foundation, and to my knowledge no decisions regarding the foundation were ever made by Councilman Lee.

SIGNED AND SWORN


Michael Parker

Sworn to and subscribed before me on this 7th day of October 2010.


Notary Michelle E. Scott-Bennett

Notary No: 56884

FINANCIAL STATEMENTS AND
COMPILATION REPORT

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION

FOR THE YEAR ENDED DECEMBER 31, 2004

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION

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PAILET, MEUNIER and LeBLANC, L.L.P.

Certified Public Accountants

Management Consultants

To the Board of Directors of
Jefferson Sports & Scholastic Foundation

We have compiled the accompanying statement of net assets of the Jefferson Sports & Scholastic Foundation as of December 31, 2004, and the related statement of activities, statement of functional expenses, and statement of cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

We are not independent with respect to Jefferson Sports & Scholastic Foundation

Pailet, Meunier and Le Blanc, L.L.P.

Metairie, Louisiana

October 07, 2010

3421 N. Causeway Blvd., Suite 701 • Metairie, LA 70002 • Telephone (504) 837-0770 • Fax (504) 837-7102
201 St. Charles Ave., Suite 2500 • New Orleans, LA 70170 • Telephone (504) 599-5905 • Fax (504) 837-7102
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AICPA: Center for Public Company Audit Firms (SEC) • Governmental Audit Quality Center • Private Companies Practice Section (PCPS)

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2004

ASSETS

Current Assets	
Cash	\$ 35,021
Accounts Receivable	<u>1,826</u>
Total Current Assets	<u>36,847</u>
Total Assets	<u><u>\$ 36,847</u></u>

NET ASSETS

Net Assets	
Unrestricted Net Assets	\$ 28,051
Temporarily Restricted Net Assets	<u>8,796</u>
Total Net Assets	<u>36,847</u>
Total Net Assets	<u><u>\$ 36,847</u></u>

See Accountant's Report

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

UNRESTRICTED NET ASSETS

Unrestricted Revenue and Gains	
Fundraising	\$ 42,225
Net Assets Released from Restrictions	
Donor Restrictions Satisfied	<u>11,204</u>
Total Unrestricted Revenue and Other Support	<u>53,429</u>
Expenses	
Program Services	
Fundraising	11,204
Supporting Services	
Fundraising	4,159
General and Administrative	<u>10,015</u>
Total Expenses	<u>25,378</u>
Increase/(Decrease) in Unrestricted Net Assets	<u>28,051</u>
Temporarily Restricted Net Assets	
Jefferson Parish	20,000
Net Assets Released from Restrictions	
Donor Restricted Satisfied	<u>(11,204)</u>
Increase/(Decrease) in Temporarily Donor Restricted Net Assets	<u>8,796</u>
Increase/(Decrease) in Net Assets	36,847
Net Assets at Beginning of Year	<u>-</u>
Net Assets at End of Year	<u>\$ 36,847</u>

See Accountant's Report

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Supporting Services</u>		<u>Program Services</u>	
	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Jefferson Parish</u>	<u>Total</u>
Employee Compensation:				
Professional Salaries	\$ -	\$ -	\$ 1,500	\$ 1,500
Taxes & Benefits	684	-	-	684
Total Salaries and Related Expenses	684	-	1,500	2,184
Office Expenses	276	-	1,564	1,840
Facilities & Equipment	-	1,959	-	1,959
Economic Summit	-	8,056	-	8,056
Operations	1,722	-	-	1,722
Martial Arts	-	-	1,600	1,600
Tutorial	-	-	6,540	6,540
Charitable Donations	1,150	-	-	1,150
Miscellaneous Expenses	327	-	-	327
Total Expenses	<u>\$ 4,159</u>	<u>\$ 10,015</u>	<u>\$ 11,204</u>	<u>\$ 25,378</u>

See Accountant's Report

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase/(Decrease) in Net Assets	\$ 36,847
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Increase (decrease) in operating liabilities:	
Accounts Receivable	<u>(1,826)</u>
Net cash provided by operating activities	<u>35,021</u>
Net increase/(decrease) in cash and equivalents	35,021
Cash and equivalents, beginning of year	<u>-</u>
Cash and equivalents, end of year	<u><u>\$ 35,021</u></u>

See Accountant's Report

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Jefferson Sports & Scholastic Foundation (The Foundation) is a nonprofit 501(c)(3) corporation established January 2004. Its purpose is to provide athletic and academics support to the youth of Jefferson Parish, Louisiana.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporary 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.

The Foundation uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based upon management's knowledge and experience and management's analysis of specific promises made. Based on prior experience, management believes all receivables to be collectible.

In-Kind Contributions

Donated goods and services are recognized as contributions in accordance with SFAS No. 116, Accounting for Contributions Received and Contributions Made, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

The Foundation has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Foundations." Under SFAS No. 117, the Foundation 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. In addition, the Foundation is required to present a Statement of Cash Flows.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

The accompanying financial statements have been prepared in the accrual basis of accounting in accordance with generally accepted accounting principles.

Income Taxes

The Foundation is a not-for-profit Foundation that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Cash and Cash Equivalents

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

NOTE B - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Jefferson Parish	\$ 8,796
	<u>\$ 8,796</u>

NOTE C - TRANSACTIONS WITH RELATED PARTIES

Due to Related Parties

During the year December 31, 2004, The Foundation had transactions with entities in which some of the Foundation's Board Members and Officials have ownership interests. The following is a summary of the transactions with affiliates for the year ended December 31, 2004:

	<u>Expenses Incurred</u>	<u>Due To / (Due From)</u>
Exceptional Industries	\$ 1,050	\$ -
LDJ Enterprises, LLC	1,826	1,826
Total	<u>\$ 2,876</u>	<u>\$ 1,826</u>

NOTE D - CONTINGENCIES

Concentration of Support

Currently, the income generated by the Foundation is derived from contributions from various corporations, foundations, and individuals. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's programs and activities. For the year ended December 31, 2004, the Foundation received all of its support from two donors.

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE E - SUBSEQUENT EVENTS

FASB Accounting Standards Codification Topic 855, "Subsequent Events" addresses events which occur after the balance sheet date but before the issuance of financial statements. An entity must record the effects of subsequent events that provide evidence about conditions that existed at the balance sheet date and must disclose but not record the effects of subsequent events which provide evidence about conditions that existed after the balance sheet date. Additionally, Topic 855 requires disclosure relative to the date through which subsequent events have been evaluated and whether that is the date on which the financial statements were issued or were available to be issued. Management evaluated the activity of the Jefferson Sports & Scholastic Foundation through October 07, 2010, the date the financial statements were issued, and concluded that the following subsequent events occurred that would require recognition or disclosure in the Notes to the Financial Statements:

Louisiana Legislative Auditor

The Compliance Audit Division of the Louisiana Legislative Auditor has performed a compliance audit of the Jefferson Sports & Scholastic Foundation from the inception of the organization through December 31, 2009; however, the report has not been finalized and has not been issued as of this time. When the report is issued copies of this report can be requested from the Legislative Auditor's Office at 1600 North Third Street, P.O. Box 94397, Baton Rouge, LA 70804 or through the Internet at www.lia.state.la.us.

Current Compilation Report not Completed Timely

The December 31, 2004 financial statements of Jefferson Sports & Scholastic Foundation were not submitted to the Legislative Auditors within six (6) months after its fiscal year end. LSA-RS24:514 requires that a compilation report to be completed and submitted to the State of Louisiana Legislative Auditor within six (6) months after year end.

FINANCIAL STATEMENTS AND
COMPILATION REPORT

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION

FOR THE YEAR ENDED DECEMBER 31, 2005

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION

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PAILET, MEUNIER and LeBLANC, L.L.P.

Certified Public Accountants

Management Consultants

To the Board of Directors of
Jefferson Sports & Scholastic Foundation

We have compiled the accompanying statement of net assets of the Jefferson Sports & Scholastic Foundation as of December 31, 2005, and the related statement of activities, statement of functional expenses, and statement of cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

We are not independent with respect to Jefferson Sports & Scholastic Foundation

Pailet, Meunier and LeBlanc, L.L.P.

Metairie, Louisiana
October 07, 2010

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AICPA: Center for Public Company Audit Firms (SEC) • Governmental Audit Quality Center • Private Companies Practice Section (PCPS)

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2005

ASSETS

Current Assets	
Cash	\$ 35,799
Accounts Receivable	<u>1,826</u>
Total Current Assets	<u>37,625</u>
Total Assets	<u><u>\$ 37,625</u></u>

NET ASSETS

Net Assets	
Unrestricted Net Assets	\$ 8,773
Temporarily Restricted Net Assets	<u>28,852</u>
Total Net Assets	<u><u>\$ 37,625</u></u>

See Accountant's Report

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

UNRESTRICTED NET ASSETS

Unrestricted Revenue and Gains
Supporting Services

\$ 7,500

Net Assets Released from Restrictions

Donor Restrictions Satisfied

84,944

Total Unrestricted Revenue and Other Support

92,444

Expenses

Program Services

Department of Education

9,760

Jefferson Parish 04

8,760

Jefferson Parish 05 - Summer Camp & Tutoring

57,778

Jefferson Parish 05 - Uniforms

8,646

Supporting Services

General and Administrative

26,778

Total Expenses

111,722

Increase/(Decrease) in Unrestricted Net Assets

(19,278)

Temporarily Restricted Net Assets

Department of Education

10,000

Jefferson Parish 05 - Summer Camp & Tutor

85,000

Jefferson Parish 05 - SC Uniforms

10,000

Net Assets Released from Restrictions

Donor Restricted Satisfied

(84,944)

Increase/(Decrease) in Temporarily Restricted Net Assets

20,056

Increase/(Decrease) in Net Assets

778

Net Assets at Beginning of Year

36,847

Net Assets at End of Year

\$ 37,625

See Accountant's Report

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2005

	Supporting Services	Program Services					Total
		General and Administrative	Department of Education	Jefferson Parish 04	Jefferson Parish 05- Summer Camp	Jefferson Parish 05- SC Uniforms	
Employee Compensation:							
Professional Salaries	\$ 6,000	\$ 9,700	\$ 1,500	\$ 45,209	\$ -	\$ -	\$ 62,409
Taxes & Benefits	2,844	-	-	-	-	-	2,844
Total Salaries and Related Expenses	8,844	9,700	1,500	45,209	-	-	65,253
Office Expenses	528	60	-	1,472	-	8,646	10,706
Professional Fees	3,700	-	-	-	-	-	3,700
Transportation	-	-	-	5,225	-	-	5,225
Facilities & Equipment	2,200	-	-	1,500	-	-	3,700
Summer Camp	-	-	-	2,877	-	-	2,877
Operations	3,000	-	-	342	-	-	3,342
Meals & Entertainment	4,800	-	-	823	-	-	5,623
Tutorial	-	-	-	-	-	-	5,680
Charitable Donations	3,700	-	-	5,680	250	-	5,530
Miscellaneous Expenses	6	-	-	1,580	80	-	86
Total Expenses	\$ 26,778	\$ 9,760	\$ 8,760	\$ 57,778	\$ 8,646	\$ 111,722	

See Accountant's Report
6

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase/(Decrease) in Net Assets	\$ 778
Net cash provided by operating activities	<u>778</u>
Net increase/(decrease) in cash and equivalents	778
Cash and equivalents, beginning of year	<u>35,021</u>
Cash and equivalents, end of year	<u><u>\$ 35,799</u></u>

See Accountant's Report

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Jefferson Sports & Scholastic Foundation (The Foundation) is a nonprofit 501(c)(3) corporation established January 2004. Its purpose is to provide athletic and academics support to the youth of Jefferson Parish, Louisiana.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporary 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.

The Foundation uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based upon management's knowledge and experience and management's analysis of specific promises made. Based on prior experience, management believes all receivables to be collectible.

In-Kind Contributions

Donated goods and services are recognized as contributions in accordance with SFAS No. 116, Accounting for Contributions Received and Contributions Made, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

The Foundation has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Foundations." Under SFAS No. 117, the Foundation 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. In addition, the Foundation is required to present a Statement of Cash Flows.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

The accompanying financial statements have been prepared in the accrual basis of accounting in accordance with generally accepted accounting principles.

Income Taxes

The Foundation is a not-for-profit Foundation that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Cash and Cash Equivalents

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

NOTE B - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Jefferson Parish 04	\$ 36
Jefferson Parish 05 - SC Uniforms	1,354
Jefferson Parish 05 - Summer School & Tutoring	27,222
LA Department of Education	240
	<u>\$ 28,852</u>

NOTE C - TRANSACTIONS WITH RELATED PARTIES

Due to Related Parties

During the year December 31, 2005, The Foundation had transactions with entities in which some of the Foundation's Board Members and Officials have ownership interests, The following is a summary of the transactions with affiliates for the year ended December 31, 2005:

	<u>Expenses Incurred</u>	<u>Due to/Due from</u>
LDJ Enterprises, LLC	\$ 15,000	\$ 1,826
Total	<u>\$ -</u>	<u>\$ 1,826</u>

NOTE D - CONTINGENCIES

Concentration of Support

Currently, the income generated by the Foundation is derived from contributions from various corporations, foundations, and individuals. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's programs and activities.

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE E- SUBSEQUENT EVENTS

FASB Accounting Standards Codification Topic 855, "Subsequent Events" addresses events which occur after the balance sheet date but before the issuance of financial statements. An entity must record the effects of subsequent events that provide evidence about conditions that existed at the balance sheet date and must disclose but not record the effects of subsequent events which provide evidence about conditions that existed after the balance sheet date. Additionally, Topic 855 requires disclosure relative to the date through which subsequent events have been evaluated and whether that is the date on which the financial statements were issued or were available to be issued. Management evaluated the activity of the Jefferson Sports & Scholastic Foundation through October 07, 2010, the date the financial statements were issued, and concluded that the following subsequent events occurred that would require recognition or disclosure in the Notes to the Financial Statements:

Louisiana Legislative Auditor

The Compliance Audit Division of the Louisiana Legislative Auditor has performed a compliance audit of the Jefferson Sports & Scholastic Foundation from the inception of the organization through December 31, 2009; however, the report has not been finalized and has not been issued as of this time. When the report is issued copies of this report can be requested from the Legislative Auditor's Office at 1600 North Third Street, P.O. Box 94397, Baton Rouge, LA 70804 or through the Internet at www.lia.state.la.us.

Current Compilation Report not Completed Timely

The December 31, 2004 financial statements of Jefferson Sports & Scholastic Foundation were not submitted to the Legislative Auditors within six (6) months after its fiscal year end. LSA-RS24:514 requires that a compilation report to be completed and submitted to the State of Louisiana Legislative Auditor within six (6) months after year end.

FINANCIAL STATEMENTS AND
COMPILATION REPORT

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION

FOR THE YEAR ENDED DECEMBER 31, 2006

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION

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PAILET, MEUNIER and LeBLANC, L.L.P.

Certified Public Accountants

Management Consultants

To the Board of Directors of
Jefferson Sports & Scholastic Foundation

We have compiled the accompanying statement of net assets of the Jefferson Sports & Scholastic Foundation as of December 31, 2006, and the related statement of activities, statement of functional expenses, and statement of cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

We are not independent with respect to Jefferson Sports & Scholastic Foundation

Pailet, Meunier and LeBlanc, L.L.P.

Metairie, Louisiana
October 07, 2010

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JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2006

ASSETS

Current Assets	
Cash	\$ 911
Accounts Receivable	<u>1,866</u>
Total Current Assets	2,777
Property & Equipment	15,878
Less Accumulated Depreciation	<u>(276)</u>
Net Property & Equipment	<u>15,602</u>
Total Assets	<u>\$ 18,379</u>

NET ASSETS

Net Assets	
Unrestricted Net Assets	\$ (49,213)
Temporarily Restricted Net Assets	<u>67,592</u>
Total Net Assets	<u>\$ 18,379</u>

See Accountant's Report

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

UNRESTRICTED NET ASSETS

Net Assets Released from Restrictions

Donor Restrictions Satisfied

\$ 216,044

Total Unrestricted Revenue and Other Support

216,044

Expenses

Program Services

Department of Education

25,231

Jefferson Parish 04

41,007

Jefferson Parish 06 - Summer Camp

53,218

LA Family Recovery - 06

141,034

Supporting Services

General and Administrative

15,796

Total Expenses

276,286

Increase/(Decrease) in Unrestricted Net Assets

(60,242)

Temporarily Restricted Net Assets

Jefferson Parish 06 - Summer Camp

50,000

LA Family Recovery - 06

207,040

Net Assets Released from Restrictions

Donor Restricted Satisfied

(216,044)

Increase/(Decrease) in Temporarily Restricted Net Assets

40,996

Increase/(Decrease) in Net Assets

(19,246)

Net Assets at Beginning of Year

37,625

Net Assets at End of Year

\$ 18,379

See Accountant's Report

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2006

	Supporting Services	Program Services				Total
		Department of Education	Jefferson Parish 05- Summer Camp	LA Family Recovery	Jefferson Parish 06 - Summer Camp	
Employee Compensation:						
Professional Salaries	\$ -	\$ 750	\$ 9,600	\$ 22,216	\$ 29,636	\$ 62,202
Taxes & Benefits	1,241	-	-	1,745	-	2,986
Total Salaries and Related Expenses	1,241	750	9,600	23,961	29,636	65,188
Office Expenses	599	481	2,782	2,042	423	6,327
Professional Fees	-	-	-	5,000	-	5,000
Transportation	2,509	-	-	6,050	-	8,559
Facilities & Equipment	-	-	2,781	3,800	2,800	9,381
Summer Camp	-	-	-	3,220	3,969	7,189
Operations	3,039	14,000	250	47,296	2,390	66,975
Meals & Entertainment	6,232	-	22,594	38,300	14,000	81,126
Tutorial	-	10,000	-	1,310	-	11,310
Charitable Donations	1,900	-	3,000	6,217	-	11,117
Miscellaneous Expenses	276	-	-	3,838	-	4,114
Total Expenses	\$ 15,796	\$ 25,231	\$ 41,007	\$ 141,034	\$ 53,218	\$ 276,286

See Accountant's Report
6

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase/(Decrease) in Net Assets	\$ (19,246)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Increase (decrease) in operating liabilities:	
Depreciation	276
Accounts Receivable	(40)
Net cash provided by operating activities	<u>(19,010)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Payments for Property and Equipment	<u>(15,878)</u>
Net cash used by investing activities	<u>(15,878)</u>
Net increase/(decrease) in cash and equivalents	(34,888)
Cash and equivalents, beginning of year	<u>35,799</u>
Cash and equivalents, end of year	<u>\$ 911</u>

See Accountant's Report

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Jefferson Sports & Scholastic Foundation (The Foundation) is a nonprofit 501(c)(3) corporation established January 2004. Its purpose is to provide athletic and academics support to the youth of Jefferson Parish, Louisiana.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporary 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.

The Foundation uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based upon management's knowledge and experience and management's analysis of specific promises made. Based on prior experience, management believes all receivables to be collectible.

In-Kind Contributions

Donated goods and services are recognized as contributions in accordance with SFAS No. 116, Accounting for Contributions Received and Contributions Made, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

The Foundation has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Foundations." Under SFAS No. 117, the Foundation 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. In addition, the Foundation is required to present a Statement of Cash Flows.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over their estimated useful lives ranging from five to ten years. The Foundation did not have any fixed assets at the balance sheet date.

Basis of Accounting

The accompanying financial statements have been prepared in the accrual basis of accounting in accordance with generally accepted accounting principles.

Income Taxes

The Foundation is a not-for-profit Foundation that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Cash and Cash Equivalents

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

NOTE B - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Jefferson Parish 04	\$ 36
Jefferson Parish 05 - SC Uniforms	1,354
LA Department of Education	196
LA Family Recovery 06	66,006
	<u>\$ 67,592</u>

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE C - TRANSACTIONS WITH RELATED PARTIES

Due to Related Parties

During the year December 31, 2006, The Foundation had transactions with entities in which some of the Foundation's Board Members and Officials have ownership interests. The following is a summary of the transactions with affiliates for the year ended December 31, 2006:

	<u>Expenses Incurred</u>	<u>Due to/Due from</u>
LDJ Enterprises, LLC	\$ 14,248	\$ 1,866
Total	\$ -	\$ 1,866

NOTE D - CONTINGENCIES

Concentration of Support

Currently, the income generated by the Foundation is derived from contributions from various corporations, foundations, and individuals. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's programs and activities.

NOTE E- SUBSEQUENT EVENTS

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Current Compilation Report not Completed Timely

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FINANCIAL STATEMENTS AND
COMPILATION REPORT

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION

FOR THE YEAR ENDED DECEMBER 31, 2007

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION

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PAILET, MEUNIER and LeBLANC, L.L.P.

Certified Public Accountants

Management Consultants

To the Board of Directors of
Jefferson Sports & Scholastic Foundation

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We are not independent with respect to Jefferson Sports & Scholastic Foundation

Pailet, Meunier and LeBlanc, L.L.P.

Metairie, Louisiana
October 07, 2010

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JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2007

ASSETS

Current Assets	
Cash	\$ 50,478
Accounts Receivable	<u>1,866</u>
Total Current Assets	52,344
Property & Equipment	18,878
Less Accumulated Depreciation	<u>(3,911)</u>
Net Property & Equipment	<u>14,967</u>
Total Assets	<u>\$ 67,311</u>

NET ASSETS

Net Assets	
Unrestricted Net Assets	\$ (24,662)
Temporarily Restricted Net Assets	<u>91,973</u>
Total Net Assets	<u>\$ 67,311</u>

See Accountant's Report

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

UNRESTRICTED NET ASSETS

Unrestricted Revenue and Gains

In-Kind Contributions

\$ 3,000

Net Assets Released from Restrictions

Donor Restrictions Satisfied

351,907

Total Unrestricted Revenue and Other Support

354,907

Expenses

Program Services

Department of Education

154,182

Jefferson Parish 05 - Summer Camp

31,857

Jefferson Parish 07 - Summer Camp

56,400

LA Family Recovery - 07

85,367

Supporting Services

General and Administrative

3,635

Total Expenses

331,441

Increase/(Decrease) in Unrestricted Net Assets

23,466

Temporarily Restricted Net Assets

Jefferson Parish 07 - Summer Camp

60,000

LA Family Recovery - 07

117,373

LA Department of Education

200,000

Net Assets Released from Restrictions

Donor Restricted Satisfied

(351,907)

Increase/(Decrease) in Temporarily Restricted Net Assets

25,466

Increase/(Decrease) in Net Assets

48,932

Net Assets at Beginning of Year

18,379

Net Assets at End of Year

\$ 67,311

See Accountant's Report

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2007

	Support Services	Program Services				Total
	General and Administrative	Department of Education	LA Family Recovery 06	LA Family Recovery 07	Jefferson Parish 07 - Summer Camp	
Employee Compensation:						
Professional Salaries	\$ -	\$ 20,090	\$ 3,431	\$ 9,755	\$ 38,296	\$ 71,572
Taxes & Benefits	-	-	2,264	1,660	-	3,924
Total Salaries and Related Expenses	-	20,090	5,695	11,415	38,296	75,496
Office Expenses	-	1,231	1,198	8,797	-	11,226
Professional Fees	-	-	-	350	-	350
Transportation	-	-	-	-	600	600
Facilities & Equipment	-	3,500	425	5,175	-	9,100
Summer Camp	-	-	10,000	43,942	15,184	69,126
Basketball	-	-	856	-	-	856
Special Olympics	-	-	2,000	-	-	2,000
Operations	-	122,210	7,383	6,308	2,320	138,221
Tutorial	-	7,151	400	8,238	-	15,789
Charitable Donations	-	-	3,900	1,000	-	4,900
Depreciation Expenses	3,635	-	-	-	-	3,635
Miscellaneous Expenses	-	-	-	142	-	142
Total Expenses	\$ 3,635	\$ 154,182	\$ 31,857	\$ 85,367	\$ 56,400	\$ 331,441

See Accountant's Report
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JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase/(Decrease) in Net Assets	\$ 48,932
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Increase (decrease) in operating liabilities:	
Depreciation	<u>3,635</u>
Net cash provided by operating activities	<u>52,567</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Payments for Property and Equipment	<u>(3,000)</u>
Net cash used by investing activities	(3,000)
Net increase/(decrease) in cash and equivalents	49,567
Cash and equivalents, beginning of year	<u>911</u>
Cash and equivalents, end of year	<u>\$ 50,478</u>

See Accountant's Report

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Jefferson Sports & Scholastic Foundation (The Foundation) is a nonprofit 501(c)(3) corporation established January 2004. Its purpose is to provide athletic and academics support to the youth of Jefferson Parish, Louisiana.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporary 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.

The Foundation uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based upon management's knowledge and experience and management's analysis of specific promises made. Based on prior experience, management believes all receivables to be collectible.

In-Kind Contributions

Donated goods and services are recognized as contributions in accordance with SFAS No. 116, Accounting for Contributions Received and Contributions Made, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

The Foundation has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Foundations." Under SFAS No. 117, the Foundation 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. In addition, the Foundation is required to present a Statement of Cash Flows.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over their estimated useful lives ranging from five to ten years. The Foundation did not have any fixed assets at the balance sheet date.

Basis of Accounting

The accompanying financial statements have been prepared in the accrual basis of accounting in accordance with generally accepted accounting principles.

Income Taxes

The Foundation is a not-for-profit Foundation that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Cash and Cash Equivalents

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

NOTE B - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Jefferson Parish 04	\$ 36
Jefferson Parish 05 - SC Uniforms	1,354
LA Department of Education 05	196
LA Family Recovery 06	34,149
LA Department of Education 06	14,813
Jefferson Parish 07 - Summer Camp	3,600
LA Department of Education 07	5,818
LA Family Recovery 07	32,007
	<u>\$ 91,973</u>

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE C - TRANSACTIONS WITH RELATED PARTIES

Due to Related Parties

During the year December 31, 2007, The Foundation had transactions with entities in which some of the Foundation's Board Members and Officials have ownership interests, The following is a summary of the transactions with affiliates for the year ended December 31, 2007:

	<u>Expenses Incurred</u>	<u>Due to/Due from</u>
LDJ Enterprises, LLC	\$ 7,200	\$ 1,866
Total	\$ -	\$ 1,866

NOTE D - CONTINGENCIES

Concentration of Support

Currently, the income generated by the Foundation is derived from contributions from various corporations, foundations, and individuals. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's programs and activities.

NOTE E- SUBSEQUENT EVENTS

FASB Accounting Standards Codification Topic 855, "Subsequent Events" addresses events which occur after the balance sheet date but before the issuance of financial statements. An entity must record the effects of subsequent events that provide evidence about conditions that existed at the balance sheet date and must disclose but not record the effects of subsequent events which provide evidence about conditions that existed after the balance sheet date. Additionally, Topic 855 requires disclosure relative to the date through which subsequent events have been evaluated and whether that is the date on which the financial statements were issued or were available to be issued. Management evaluated the activity of the Jefferson Sports & Scholastic Foundation through October 07, 2010, the date the financial statements were issued, and concluded that the following subsequent events occurred that would require recognition or disclosure in the Notes to the Financial Statements:

Louisiana Legislative Auditor

The Compliance Audit Division of the Louisiana Legislative Auditor has performed a compliance audit of the Jefferson Sports & Scholastic Foundation from the inception of the organization through December 31, 2009; however, the report has not been finalized and has not been issued as of this time. When the report is issued copies of this report can be requested from the Legislative Auditor's Office at 1600 North Third Street, P.O. Box 94397, Baton Rouge, LA 70804 or through the Internet at www.la.state.la.us.

Current Compilation Report not Completed Timely

The December 31, 2004 financial statements of Jefferson Sports & Scholastic Foundation were not submitted to the Legislative Auditors within six (6) months after its fiscal year end. LSA-RS24:514 requires that a report to be completed and submitted to the State of Louisiana Legislative Auditor within six (6) months after year end.

FINANCIAL STATEMENTS AND
COMPILATION REPORT

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION

FOR THE YEAR ENDED DECEMBER 31, 2008

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION

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PAILET, MEUNIER and LeBLANC, L.L.P.

Certified Public Accountants

Management Consultants

To the Board of Directors of
Jefferson Sports & Scholastic Foundation

We have compiled the accompanying statement of net assets of the Jefferson Sports & Scholastic Foundation as of December 31, 2008, and the related statement of activities, statement of functional expenses, and statement of cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

We are not independent with respect to Jefferson Sports & Scholastic Foundation

Pailet, Meunier and LeBlanc, L.L.P.

Metairie, Louisiana
October 07, 2010

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JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008

ASSETS

Current Assets	
Cash	\$ 12,626
Total Current Assets	12,626
Property & Equipment	18,878
Less Accumulated Depreciation	<u>(7,546)</u>
Net Property & Equipment	<u>11,332</u>
Total Assets	<u>\$ 23,958</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	\$ 3,644
Total Liabilities	3,644
Net Assets	
Unrestricted Net Assets	(10,139)
Temporarily Restricted Net Assets	<u>30,453</u>
Total Net Assets	<u>20,314</u>
Total Liabilities and Net Assets	<u>\$ 23,958</u>

See Accountant's Report

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

UNRESTRICTED NET ASSETS

Unrestricted Revenue and Gains
Byron Lee Campaign Fund

\$ 33,000

Net Assets Released from Restrictions

Donor Restrictions Satisfied

76,520

Total Unrestricted Revenue and Other Support

109,520

Expenses

Program Services

Department of Education

6,000

LA Family Recovery - 06

33,056

Jefferson Parish 07 - Summer Camp

3,869

LA Family Recovery - 07

41,027

Jefferson Parish 08 - Uniforms

2,040

Supporting Services

General and Administrative

9,005

Total Expenses

94,997

Increase/(Decrease) in Unrestricted Net Assets

14,523

Temporarily Restricted Net Assets

Jefferson Parish 08 - Uniforms

15,000

Net Assets Released from Restrictions

Donor Restricted Satisfied

(76,520)

Increase/(Decrease) in Temporarily Restricted Net Assets

(61,520)

Increase/(Decrease) in Net Assets

(46,997)

Net Assets at Beginning of Year

67,311

Net Assets at End of Year

\$ 20,314

See Accountant's Report

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Support</u>		<u>Program Services</u>					
	<u>Services</u>							
	<u>General and</u>	<u>Department</u>	<u>LA Family</u>	<u>LA Family</u>	<u>Jefferson</u>	<u>Jefferson</u>	<u>Jefferson</u>	<u>Total</u>
	<u>Administrative</u>	<u>of Education</u>	<u>Recovery 06</u>	<u>Recovery 07</u>	<u>Parish 07 -</u>	<u>Summer</u>	<u>Parish 08 -</u>	
					<u>Camp</u>		<u>Uniforms</u>	
Employee Compensation:								
Professional Salaries	\$ -	\$ 1,000	\$ 4,514	\$ 2,723	\$ 979	\$ -	\$ -	\$ 9,216
Taxes & Benefits	-	-	-	2,043	-	-	-	2,043
Total Salaries and Related Expenses	-	1,000	4,514	4,766	979	-	-	11,259
Office Expenses	-	-	658	3,596	428	2,040	-	6,722
Professional Fees	3,570	-	-	13,986	-	-	-	17,556
Transportation	-	-	520	-	853	-	-	1,373
Facilities & Equipment	1,800	-	450	5,204	454	-	-	7,908
Summer Camp	-	-	26,914	-	-	-	-	26,914
Operations	-	-	-	1,000	985	-	-	1,985
Tutorial	-	5,000	-	6,505	-	-	-	11,505
Meals and Entertainment	-	-	-	800	170	-	-	970
Charitable Donations	-	-	-	5,170	-	-	-	5,170
Depreciation	3,635	-	-	-	-	-	-	3,635
Total Expenses	\$ 9,005	\$ 6,000	\$ 33,056	\$ 41,027	\$ 3,869	\$ 2,040	\$ -	\$ 94,997

See Accountant's Report
6

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase/(Decrease) in Net Assets	\$ (46,997)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Increase (decrease) in operating liabilities:	
Depreciation	3,635
Accounts Receivable	1,865
Accounts Payable	<u>3,645</u>
Net cash provided by operating activities	<u>(37,852)</u>
Net increase/(decrease) in cash and equivalents	(37,852)
Cash and equivalents, beginning of year	<u>50,478</u>
Cash and equivalents, end of year	<u>\$ 12,626</u>

See Accountant's Report

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Jefferson Sports & Scholastic Foundation (The Foundation) is a nonprofit 501(c)(3) corporation established January 2004. Its purpose is to provide athletic and academics support to the youth of Jefferson Parish, Louisiana.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporary 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.

The Foundation uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based upon management's knowledge and experience and management's analysis of specific promises made. Based on prior experience, management believes all receivables to be collectible.

In-Kind Contributions

Donated goods and services are recognized as contributions in accordance with SFAS No. 116, Accounting for Contributions Received and Contributions Made, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

The Foundation has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Foundations." Under SFAS No. 117, the Foundation 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. In addition, the Foundation is required to present a Statement of Cash Flows.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over their estimated useful lives ranging from five to ten years. The Foundation did not have any fixed assets at the balance sheet date.

Basis of Accounting

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Income Taxes

The Foundation is a not-for-profit Foundation that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Cash and Cash Equivalents

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

NOTE B - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Jefferson Parish 04	\$ 36
Jefferson Parish 05 - SC Uniforms	1,354
LA Department of Education 05	196
LA Family Recovery 06	1,094
LA Department of Education 06	14,813
Jefferson Parish 08 - SC Uniforms	12,960
	<u>\$ 30,453</u>

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE C - TRANSACTIONS WITH RELATED PARTIES

Due to Related Parties

During the year December 31, 2008, The Foundation had transactions with entities in which some of the Foundation's Board Members and Officials have ownership interests. The following is a summary of the transactions with affiliates for the year ended December 31, 2008:

	<u>Expenses Incurred</u>	<u>Due to/(Due from)</u>
LDJ Enterprises, LLC	\$ -	\$ (3,644)
Total	\$ -	\$ (3,644)

NOTE D - CONTINGENCIES

Concentration of Support

Currently, the income generated by the Foundation is derived from contributions from various corporations, foundations, and individuals. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's programs and activities.

NOTE E- SUBSEQUENT EVENTS

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FINANCIAL STATEMENTS AND
COMPILATION REPORT

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION

FOR THE YEAR ENDED DECEMBER 31, 2009

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION

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PAILET, MEUNIER and LeBLANC, L.L.P.

Certified Public Accountants

Management Consultants

To the Board of Directors of
Jefferson Sports & Scholastic Foundation

We have compiled the accompanying statement of net assets of the Jefferson Sports & Scholastic Foundation as of December 31, 2009, and the related statement of activities, statement of functional expenses, and statement of cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

We are not independent with respect to Jefferson Sports & Scholastic Foundation

Pailet, Meunier and LeBlanc, L.L.P.

Metairie, Louisiana
October 07, 2010

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JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009

ASSETS

Current Assets	
Cash	\$ <u>4,117</u>
Total Current Assets	4,117
Property & Equipment	18,878
Less Accumulated Depreciation	<u>(11,181)</u>
Net Property & Equipment	<u>7,697</u>
Total Assets	\$ <u><u>11,814</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	\$ <u>3,645</u>
Total Liabilities	3,645
Net Assets	
Unrestricted Net Assets	(13,852)
Temporarily Restricted Net Assets	<u>22,021</u>
Total Net Assets	<u>8,169</u>
Total Liabilities and Net Assets	\$ <u><u>11,814</u></u>

See Accountant's Report

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

UNRESTRICTED NET ASSETS

Net Assets Released from Restrictions	
Donor Restrictions Satisfied	\$ 14,250
Total Unrestricted Revenue and Other Support	<u>14,250</u>
Expenses	
Program Services	
Jefferson Parish 08 - Uniforms	8,432
Supporting Services	
General and Administrative	<u>3,713</u>
Total Expenses	<u>12,145</u>
Increase/(Decrease) in Unrestricted Net Assets	<u>2,105</u>
Net Assets Released from Restrictions	
Donor Restricted Satisfied	<u>(14,250)</u>
Increase/(Decrease) in Temporarily Restricted Net Assets	<u>(14,250)</u>
Increase/(Decrease) in Net Assets	(12,145)
Net Assets at Beginning of Year	<u>20,314</u>
Net Assets at End of Year	<u>\$ 8,169</u>

See Accountant's Report

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Support Services</u> <u>General and</u> <u>Administrative</u>	<u>Program Services</u> <u>Jefferson Parish 08</u> <u>- Uniforms</u>	<u>Total</u>
Summer Camp	-	977	977
Operations	78	1,455	1,533
Charitable Donations	-	6,000	6,000
Depreciation	<u>3,635</u>	<u>-</u>	<u>3,635</u>
Total Expenses	<u>\$ 3,713</u>	<u>\$ 8,432</u>	<u>\$ 12,145</u>

See Accountant's Report
6

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase/(Decrease) in Net Assets	\$ (12,145)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Increase (decrease) in operating liabilities:	
Depreciation	3,635
Accounts Payable	<u>1</u>
Net cash provided by operating activities	<u>(8,509)</u>
Net increase/(decrease) in cash and equivalents	(8,509)
Cash and equivalents, beginning of year	<u>12,626</u>
Cash and equivalents, end of year	<u><u>\$ 4,117</u></u>

See Accountant's Report

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Jefferson Sports & Scholastic Foundation (The Foundation) is a nonprofit 501(c)(3) corporation established January 2004. Its purpose is to provide athletic and academics support to the youth of Jefferson Parish, Louisiana.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporary 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.

The Foundation uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based upon management's knowledge and experience and management's analysis of specific promises made. Based on prior experience, management believes all receivables to be collectible.

In-Kind Contributions

Donated goods and services are recognized as contributions in accordance with SFAS No. 116, Accounting for Contributions Received and Contributions Made, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

The Foundation has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Foundations." Under SFAS No. 117, the Foundation 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. In addition, the Foundation is required to present a Statement of Cash Flows.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over their estimated useful lives ranging from five to ten years. The Foundation did not have any fixed assets at the balance sheet date.

Basis of Accounting

The accompanying financial statements have been prepared in the accrual basis of accounting in accordance with generally accepted accounting principles.

Income Taxes

The Foundation is a not-for-profit Foundation that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Cash and Cash Equivalents

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

NOTE B - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Jefferson Parish 04	\$ 36
Jefferson Parish 05 - SC Uniforms	1,354
LA Department of Education 05	196
LA Family Recovery 06	1,094
LA Department of Education 06	14,813
Jefferson Parish 08 - SC Uniforms	4,528
	<u>\$ 22,021</u>

JEFFERSON SPORTS & SCHOLASTIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE C - TRANSACTIONS WITH RELATED PARTIES

Due to Related Parties

During the year December 31, 2009, The Foundation had transactions with entities in which some of the Foundation's Board Members and Officials have ownership interests, The following is a summary of the transactions with affiliates for the year ended December 31, 2009:

	<u>Expenses Incurred</u>	<u>Due to/(Due from)</u>
LDJ Enterprises, LLC	\$ -	\$ (3,645)
Total	\$ -	\$ (3,645)

NOTE D - CONTINGENCIES

Concentration of Support

Currently, the income generated by the Foundation is derived from contributions from various corporations, foundations, and individuals. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's programs and activities.

NOTE E- SUBSEQUENT EVENTS

FASB Accounting Standards Codification Topic 855, "Subsequent Events" addresses events which occur after the balance sheet date but before the issuance of financial statements. An entity must record the effects of subsequent events that provide evidence about conditions that existed at the balance sheet date and must disclose but not record the effects of subsequent events which provide evidence about conditions that existed after the balance sheet date. Additionally, Topic 855 requires disclosure relative to the date through which subsequent events have been evaluated and whether that is the date on which the financial statements were issued or were available to be issued. Management evaluated the activity of the Jefferson Sports & Scholastic Foundation through October 07, 2010, the date the financial statements were issued, and concluded that the following subsequent events occurred that would require recognition or disclosure in the Notes to the Financial Statements:

Louisiana Legislative Auditor

The Compliance Audit Division of the Louisiana Legislative Auditor has performed a compliance audit of the Jefferson Sports & Scholastic Foundation from the inception of the organization through December 31, 2009; however, the report has not been finalized and has not been issued as of this time. When the report is issued copies of this report can be requested from the Legislative Auditor's Office at 1600 North Third Street, P.O. Box 94397, Baton Rouge, LA 70804 or through the Internet at www.lia.state.la.us.

Current Compilation Report not Completed Timely

The December 31, 2004 financial statements of Jefferson Sports & Scholastic Foundation were not submitted to the Legislative Auditors within six (6) months after its fiscal year end. LSA-RS24:514 requires that a compilation report to be completed and submitted to the State of Louisiana Legislative Auditor within six (6) months after year end.

SPEARS & SPEARS

ATTORNEYS AND COUNSELLORS AT LAW
1631 ELYSIAN FIELDS AVENUE
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TELEPHONE: (504) 593-9500
TELECOPIER: (504) 523-7766
www.spearslaw.com

IKE SPEARS

OF COUNSEL
WESLEY T. BISHOP

October 11, 2010

VIA FAX 225-339-3870 and USMAIL

Mr. Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
P.O.Box 94397
Baton Rouge, LA 70804-9397

Re: Councilman Byron Lee
(Audit of Jefferson Parish Sports
and Scholastic Foundation)
Our File: 501.08262

Dear Mr. Purpera:

Please accept this letter as the formal response of Councilman Byron Lee to your proposed audit of the Jefferson Parish Sports and Scholastic Foundation ("Foundation"). In your draft audit report, you suggest that Councilman Lee has a possible conflict of interest which may have violated R.S.42:1112B in that he voted to approve funding for the Foundation while his family members were employed by the Foundation. First and foremost, it is our position that the reference to Councilman Lee, which you propose to include in your audit, is improper, gratuitous, and well beyond the scope of a legitimate legislative audit. Your proposed finding suggests a possible conflict of interest on the part of Councilman Lee, notwithstanding the fact that he is neither an officer, director, nor employee of the Foundation. Hence, his alleged conduct should not be included in your audit report thereby forcing him to defend his name and reputation. According to your proposed audit report, Councilman Lee put forth resolutions which resulted in over \$170,000 in Jefferson Parish funding to the Foundation between 2004 and 2008. It is further alleged that in the summer of 2007 the Foundation employed the councilman's minor son as a camp counselor for \$1,100. The councilman's brother was paid \$425 for repair services in April 2007, and the councilman's sister was paid \$2,260 in the summer of 2005 as a camp director. The total amount in question is \$3,785: 2% of the \$170,000 paid to the Foundation by Jefferson Parish and less than 1/2% of the more than \$850,000

in funding received by the Foundation since its inception in 2004.

Resolution #108332, which allocated \$60,000 to the Foundation for the 2007 year, was adopted by Jefferson Parish Council on July 18, 2007. The actual check was not paid to the Foundation until sometime thereafter. The councilman's son worked for a one month period from mid June 2007 to mid July 2007. This is definitely prior to the adoption of the 2007 funding resolution for the Foundation. Therefore, at the time that Councilman Lee voted to approve funding for the Foundation, his son's summer employment had ended.

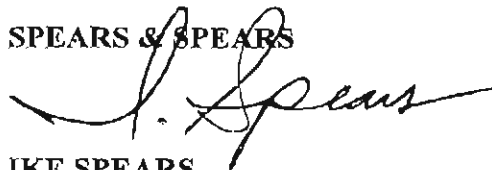
Councilman Lee's brother was never an employee of the Foundation, but was an outside vendor who performed a \$425 repair job in April 2007. Likewise, this payment was well before the council's resolution which authorized funding in July 2007. Councilman's sister was employed by the Foundation in the summer of 2005 as a camp director and received a salary of \$2,260. The Foundation received \$95,000 in funding from Jefferson Parish that year. Therefore, Councilman Lee's sister received 2.4% of the allocated funds in this fiscal year for her salary. This is a negligible amount to pay a camp director and does not substantiate a violation of R. S. 42:1112B. Furthermore, the Foundation received substantial funding and donations from sources other than the parish of Jefferson. These funding sources include the Louisiana Family Recovery Corps, The Department of Education, and numerous private donations

Given the budget of both the Jefferson Parish Council and the Foundation, the amount in question, \$3,785, would be deemed immaterial by traditional auditing standards. It certainly does not rise to the level of being a "substantial economic interest" as required for a violation of R.S. 42:1112B. Any and all amounts which were paid to Councilman Lee's son and siblings came from dedicated private funding sources. No Jefferson Parish funds were ever used to pay for the services and/or salaries of the Councilman's relatives, and if by chance they were, the total amount in question is less than 2% of all funds received by the Foundation. These facts vitiate any claims of alleged misconduct and/or misuse and the claims are simply without merit.

With kind regards, I remain

Very truly yours,

SPEARS & SPEARS

A handwritten signature in black ink, appearing to read "I. Spears", written over the printed name "SPEARS & SPEARS".

IKE SPEARS

IS:gjj

F A C S I M I L E

SPEARS & SPEARS

ATTORNEYS & COUNSELORS AT LAW
1631 ELYSIAN FIELDS AVENUE
NEW ORLEANS, LOUISIANA 70117
Telephone #: (504) 593-9500
Telecopier #: (504) 523-7766

To:

Maryl Purpera, CPA, CFEFax No. 225-339-3800

From:

Spears, Esq.

Date:

10-11-10

Pages:

3, including this cover sheet.

Re:

Councilman Byron Lee's response

Message:

The information contained in this facsimile message (including all documents accompanying it) is legally privileged and confidential, intended only for the use of the individuals or entity named above. The transmission of this information to any person or entity other than the intended recipient shall in no way constitute a waiver of the attorney-client privilege. If you are not the intended recipient, you are hereby notified that any dissemination, disclosure, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone so that we may arrange for the return of the documents.

If you did not receive all the pages to this fax, please contact Gladys at 593-9500.

Strategic Solutions

3040 Hudson Street
New Orleans, Louisiana 70114
(504) 261-0383 - Office

Alt: Brent
(225) 339-3987 - Fax

Transmitted via Fax

October 7, 2010

Daryl G. Purpera
Legislative Auditor
1600 N. Third Street
Baton Rouge, Louisiana 70804-9397

Dear Mr. Purpera;

Please find listed below our response for each item in the preliminary report. Please be advised that a response has also been provided to Jefferson Sports Scholastic Foundation.

Thanks and if any additional information is needed please do not hesitate to contact me. A hard copy of this information has also been sent. Once again, I am sorry for the latest of this response.

Sincerely,



Joshua Williams, Jr.

cc. Brent McDougall

Strategic Solutions categorically denies that it billed for services not rendered or products not delivered. The Jefferson Sports Scholastic Foundation came to the organization and asked to provide services as a vendor. We went into this arrangement on an open account basis; when asked for something from the foundation, Strategic Solutions made every attempt to provide it, then when billed the foundation for services provided. We had no written agreement with the foundation which specified or limited our services or our rates. We generally responded to the foundation's request buy quoting a ballpark cost figure. We were not made privy to the details of any contract with any funding source, including the Department of Education.

Use of Unlisted Contractor for Computer Training

As initially stated Strategic Solution records were all damaged in the move during Hurricane Gustav. I provided the auditors with the information in which I was able to retrieve along with all bank statements which were reordered and purchased from the bank for their review.

Training services were provided by I AM N Computer Training which submitted time sheets to Strategic Solutions for payment. Strategic Solutions in return would invoice the foundation for those services. This process was suggested and agreed upon by Strategic Solutions and the foundation. At no time was Strategic Solutions aware of any DOE contract for services.

Additional educational software was provided to the foundation for use in training. This software was delivered to the foundation and received. Strategic Solution purchased software in bulk over a period and maintained both hardware and software inventory. From that inventory, we delivered software applications for youth ranging ages 5-18 which would meet the needs of the training program. Mr. Dunn was in receipt of the software delivered.

Charges Not in the Scope of the DOE Contract

Strategic Solutions was asked to purchase some software for Lincoln Elementary by the foundation. I received the Voyager Series (software) information request for the school from the foundation. I provided the only telecommunication, I had with the Voyager representative because this rep was the third rep I talked with in completing this Voyager Series order. In all of my communication and conversation, we always referred to the Voyager Series as software not books. The Voyager order was shipped directly to the school. The foundation in explaining this also labeled it as software. Strategic Solution did make monthly attempts to expedite getting this software delivered to the school. Also, Strategic Solutions was not aware of any DOE scope of service.

Computer Related Charges

During the discussions with the auditors I informed them that the charge of a network engineer was provided on the detailed billings. In the original layout for the parks to be network, a network engineer was discussed. Since the change of going into the churches took place, we did not change the description on the invoice. The network engineer has greater educational and technical capability than a normal technician and is entitled to bill at a higher rate for any services provided, whether he is installing a network. The foundation received the benefit of this expertise. At no time, did Strategic Solutions engage any foundation employee(s) to perform any tasks on their behalf. A standard software maintenance agreement was provided at a monthly rate to support the software on the computer systems. Strategic Solutions never asked any one from the foundation to install anything.

Please be advised that Microsoft Office is/was on all of the machines in which Strategic Solutions worked on.

As stated earlier, the Network engineer charges were performed by Joshua Williams for consultation and repair charges. Please be advised that not only was software services were provided. Additional hardware (keyboards, mouse, CD/ drives) were also replaced. The hourly billing rate for an engineer in the market place is Between \$95 - \$135 an hour. I charged the foundation a rate of \$90.00 an hour. This rate is definitely in line with competitors.

I did speak with Mr. Rob Breland regarding a comment that he had made regarding never working on a E-machine. He informed me that at the time he stated it, he realized that it was not true because he also stated that he did not like working on those machines because they are inexpensive and the support is not always prompt. Mr. Breland has probably worked on every brand that is available and offered his comment regarding E-machines. Computers were returned to the foundation via Mr. Dunn and services were provided.

Software Installation and Maintenance Charges

The first time I was asked about software installation, I did explain that the description did not match the services provided. The software installation charge was for software provided to the foundation. I was not asked to install this on any of the foundations computer systems. This was delivered to the foundation. The charge of \$4,500.00 was billed for this software.

The software maintenance was to support the current software on the computer systems. This was a standard monthly support agreement that covered software on the machines. It did not cover any consultation or hardware support charges. Charges billed for the monthly contract for software was provided. Again charges provided by the network engineer are not charged for software services under the software maintenance agreement. The monthly software maintenance agreement does not have charges billed as network engineer.

Voyager Software Purchase

The Voyager Series was purchased and resold to the foundation at a reasonable resell price. This series turned out to be for Math and Reading books and not for a software purchase, however it was ordered and delivered directly to the school. This information was ordered in December and re-ordered twice and received in March. We attributed this to a change in Voyager's sales team because each order was processed by a different person. I informed the foundation of the challenges receiving this order and kept them informed of delivery schedule for Voyager.

Strategic Solution did a schematic for a network design for software installation for the product which was discussed with the foundation. This layout and design consisted of a mirroring system that could run a Windows Server platform consisting of three (3) 32 gig hard drives, 4 gig of RAM, Intel processor and also a 17" monitor. This was truly a miscommunication on behalf of Strategic Solutions and the foundation.

Sincerely,


Joshua Williams, Jr.

Response from Mr. Girod Jackson

In a letter dated September 16, 2010, we asked Mr. Jackson to respond, in writing to this report. As of the date of this report, Mr. Jackson has chosen not to respond.

Response from Mr. Paul Johnson

In a letter dated September 17, 2010, we asked Mr. Johnson to respond, in writing to this report. As of the date of this report, Mr. Johnson has chosen not to respond.