

**United Citizens and Neighborhoods, Inc  
Annual Financial Statements Review Report  
For the Year Ended  
December 31, 2011**

**Talmadge E. Mitchel  
Certified Public Accountant  
A Professional Corporation  
1240 Milam Street, Shreveport, LA 71101**

**Contents**

INDEPENDENT ACCOUNTANT’S REVIEW REPORT..... 1

Statement of Financial Position ..... 2

Statement of Activity ..... 3

Statement of Cash Flows ..... 4

Statement of Functional Expenses..... 5

Notes to Financial Statements ..... 6

Independent Accountant’s Report ..... 9

On Applying Agreed-Upon Procedures ..... 9

Schedule of Current Years Findings and Questioned Costs ..... [153](#)

Louisiana Attestation Questionnaire ..... [186](#)

**Talmadge E. Mitchel  
Certified Public Accountant  
A Professional Corporation**

**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

To the Board of Directors of  
United Citizens and Neighborhoods, Inc.  
Shreveport, Louisiana

I have reviewed the accompanying statement of financial position of United Citizens and Neighborhoods, Inc. (a nonprofit organization) as of December 31, 2011, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

I with the Louisiana Governmental Audit Guide and the provisions of state law, I have issued a report dated June 21, 2012, on the results of my agreed upon procedures.



Talmadge E. Mitchel  
Certified Public Accountant  
A Professional Corporation  
June 21, 2012

**United Citizens and Neighborhoods, Inc.**

**Statement of Financial Position**

As of December 31, 2011

ASSETS	\$ -
TOTAL ASSETS	<u>-</u>
	<u>-</u>
LIABILITIES AND NET ASSETS	
Accounts Payable	5.00
Total Liabilities	<u>5.00</u>
Net Assets	
Unrestricted Net Assets	(5.00)
Total Net Assets	<u>(5.00)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ -</u>
	<u>-</u>

The accompanying notes are an integral part of the financial statements

**United Citizens and Neighborhoods, Inc.**

**Statement of Activity**

For the Year Ended

December 31, 2011

Revenues, Contributions, and Support	Unrestricted
Contributions	\$ 2,500.00
Program Revenues - State Contracts	204,647.00
Total Revenues, Contributions, and Support	<u>207,147.00</u>
Expenses	
Program Expenses	207,190.00
Total Expenses	<u>207,190.00</u>
Decrease in Net Assets	(43.00)
Net Assets December 31, 2010	38.00
Net Assets December 31, 2011	<u>\$ (5.00)</u>

The accompanying notes are an integral part of the financial statements

**United Citizens and Neighborhoods, Inc.**

**Statement of Cash Flows**

For the Year Ended

December 31, 2011

OPERATING ACTIVITIES

Net Income	\$ (43.00)
Adjustments to reconcile Net Income to Net Cash provided by operations:	-
Net cash provided by operating activities	<u>(43.00)</u>
Net cash increase for period	<u>(43.00)</u>
Cash at beginning of period	38.00
Cash at end of period	<u><u>\$ (5.00)</u></u>

The accompanying notes are an integral part of the financial statements

**United Citizens and Neighborhoods, Inc.**

**Statement of Functional Expenses**

For the Year Ended

December 31, 2011

Program Expenses	\$	122.00
Auto/Truck Rental		455.00
Bank Charges		4.00
Charitable Contributions		150.00
Dues & Subscriptions		199.00
Equipment		663.00
Food/Catering Cost		175,988.00
Meals and Entertainment		320.00
Office Expenses		436.00
Postage		73.00
Rent or Lease		5,200.00
Repair & Maintenance		447.00
Salaries		20,007.00
Stationery & Printing		75.00
Supplies		1,544.00
Taxes & Licenses		67.00
Training		120.00
Travel		1,068.00
Travel Meals		252.00
Total Expenses	\$	<u>207,190.00</u>

The accompanying notes are an integral part of the financial statements

## United Citizens and Neighborhoods, Inc.

### Notes to Financial Statements

December 31, 2011

#### NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

##### Nature of Activities

United Citizens and Neighborhoods, Inc. is a nonprofit corporation organized under the laws of the State of Louisiana. The Organization provides healthy meals to children through the Summer Food Service Program which is administered by the State of Louisiana on behalf of the United States Department of Agriculture. The Organization serves children in Shreveport, LA.

##### Basis of Accounting

The financial statements of United Citizens and Neighborhoods, Inc. have been prepared on the accrual basis of accounting in accordance with accounting principles general accepted in the United States of America.

##### Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ASC 958 (formerly SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. The Organization has elected to present a classified statement of financial position, under ASC 958; the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

##### Use of Estimates

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

##### Cash and Cash Equivalents

Cash and cash equivalents, as stated for cash flow purposes, consist of non-interest bearing bank accounts and highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.



## United Citizens and Neighborhoods, Inc.

### Net Assets

Net assets are included in one of the following three classes of net assets, depending on the presence and type of donor-imposed restrictions.

- *Unrestricted Net Assets* – Net assets not subject to donor-imposed restrictions.
- *Temporarily-restricted Net Assets* – Net assets subject to donor-imposed restrictions that may be met either by an action and/or through the passage of time. As of December 31, 2011, Net assets included no temporarily restricted net assets.
- *Permanently-restricted Net Assets* – Net assets subject to donor-imposed restrictions that will not expire through the passage of time and/or an action. As of December 31, 2011, Net Assets included no permanently restricted net assets.

### Economic Dependency

Approximately 99% of the Agency's funding is federal funds passed-through the State of Louisiana's Department of Education.

### Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, program and support service expenses are specifically identified with or allocated to the Agency's various functions.

### Income Tax Status

The Agency is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. In addition, the Agency qualifies for the charitable contribution deduction under Section 170(b) (1) (A) and has been classified as an organization other than a private foundation under Section 509 (a) (2).

## **NOTE 2. SUMMARY OF FUNDING**

United Citizens and Neighborhoods, Inc. administered for 2011:

	<u>Amount</u>
Louisiana Department of Education	
USDA Summer Food Service Program	
For Children	\$ 204,647.00

## **United Citizens and Neighborhoods, Inc.**

### **NOTE 3. RELATED PARTY TRANSACTIONS**

The Organization purchased catering services from a company that is owned and operated by the brother of several members of the Board of Directors. The organization expended \$175,988.00 with the company to provide meals for the Summer Food Service Program.

### **NOTE 3. COMMITMENTS**

The program administered by the United Citizens and Neighborhoods, Inc. does not have any significant outstanding commitments as of December 31, 2011.

### **NOTE 4. CONTINGENCIES**

As of December 31, 2011, there were no matters relating to existing or possible litigation, questioned costs nor refunds of grant proceeds.

### **NOTE 5. SUBSEQUENT EVENTS**

Events subsequent to December 31, 2011, through the date of this attestation report have been evaluated. There were no matters requiring disclosure.

**Talmadge E. Mitchel  
Certified Public Accountant  
A Professional Corporation**

**Independent Accountant's Report  
On Applying Agreed-Upon Procedures**

United Citizens and Neighborhoods, Inc.  
Shreveport, Louisiana 71108

We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of United Citizens and Neighborhoods, Inc., the Legislative Auditor, State of Louisiana, and applicable state grantor agency/agencies solely to assist the users in evaluating management's assertions about United Citizens and Neighborhoods, Inc.'s compliance with certain laws and regulations during the year ended December 31, 2011 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

**Federal, State, and Local Awards**

1. Determine the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

United Citizens and Neighborhoods, Inc.'s Federal award expenditures for all Federal programs for the fiscal year follow:

<b>Federal Grant Name</b>	<b>Grant Year</b>	<b>CFDA No.</b>	<b>Amount</b>
USDA Summer Food Service Program for Children, <i>pass through</i> , State of Louisiana	2011	10.559	\$207,190.00
<b>Total Expenditures</b>			\$207,190.00

2. For each Federal, state, and local award, we randomly selected 6 disbursements from each administered during the period under examination, provided that no more than 30 disbursements would be selected.
3. For the items selected in procedure 2, we traced the six disbursements to supporting documentation as to proper amount and payee.

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee, except for the following checks, which did not have time sheets to support the payment to the independent contractors: (1) Check #1046 in the amount of \$330.00; (2) Check #1082 in the amount \$220; and (3) Check #1087 in the amount of \$110.00.

4. For the items selected in procedure 2, we determined if the six disbursements were properly coded to the correct fund and general ledger account.

Each of the six payments was properly coded to the correct general ledger account.

5. For the items listed selected in procedure 2, we determined whether the six disbursements received approval from proper authorities.

The checks listed in procedure 3 did not show evidence of proper approval because the time sheets were not available. The other 3 payments did reflect approval with a supervisor signature on each of the time sheets and vendor invoice.

6. For the items selected in procedure 2: For federal awards, we determined whether the disbursements complied with the applicable specific program compliance requirements summarized in the compliance supplement (or contained in the grant agreement, if the program is not included in the Compliance Supplement) and for state and local awards, we determined whether the disbursements complied with the grant agreement, relating to:

**Activities allowed are unallowed:**

We reviewed the previously listed disbursements for types of services allowed or not allowed and determined that each payment did comply with allowability requirements.

**Eligibility**

We reviewed the previously listed disbursements for eligibility requirements and determined that each payment did comply with eligibility requirements.

## **Reporting**

We reviewed the previously listed disbursements for reporting requirements and determined that each payment did comply with reporting requirements.

7. For the program selected for testing in item (2), there is no required close-out report.

## **Meetings**

8. We examined evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

United Citizens and Neighborhoods, Inc. is only required to post a notice of each meeting and the accompanying agenda on the door of their office building. Management has stated that they do have an office and operate out of several different leased spaces but, they have not properly posted such documents.

## **Comprehensive Budget**

9. For all grants exceeding five thousand dollars, we determined that each applicable federal, state, or local grantor agency/agency was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

United Citizens and Neighborhoods, Inc. provided comprehensive budgets to the applicable state grantor agencies for the programs mentioned previously. These budgets specified the anticipated uses of the funds, estimates of the duration of the projects, and plans showing specific goals and objectives that included measures of performance.

## **Prior Comments and Recommendations**

10. There is no prior review/attestation and thus, no prior comments and recommendations available for review.

We were not engaged to, and did not; perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of United Citizens and Neighborhoods, Inc., the Legislative Auditor (State of Louisiana), and the applicable state grantor

agency/agencies and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor.

A handwritten signature in black ink, appearing to read 'T. Mitchel', with a long horizontal flourish extending to the right.

Talmadge E. Mitchel  
Certified Public Accountant  
A Professional Corporation  
June 21, 2012

## **Schedule of Current Years Findings and Questioned Costs**

The federal award program is 10.599 United States Department of Agriculture, Summer Food Service Program for Children administered by the Louisiana Department of Education with pass-through funding.

### **11-01**

Criteria: Lack of supporting documentation

Condition: There are payments made to independent contractors for hours worked; and there are no time sheets to indicate that the payment amount and payee for the period agree.

Questioned Costs: The total of the costs in question is \$660.00

Context: We selected 6 disbursements from the agreed upon procedures and found that 3 disbursements for contact labor contained exceptions

Recommendation: I recommend that management ensures that all time and attendance records are obtained and completed by the personnel and supervisor.

### **Management's views and responses**

Contact Person: Director

Corrective Action Planned: We will maintain our files better to make sure that all documents are available for review in the future

Anticipated completion date: July 1, 2012

Schedule of Current Years Findings and Questioned Costs, continued,

**11-02**

Criteria: Lack of proper approval.

Condition: There are payments made to independent contractors in which there are no time sheets with personnel and supervisor signature to reflect proper approval.

Questioned Costs: None

Context: We selected 6 disbursements from the agreed upon procedures and found that 3 disbursements for contact labor contained exceptions.

Recommendation: I recommend that management ensures that all time and attendance records are obtained and completed by the personnel and supervisor.

**Management's views and responses**

Contact Person: Director

Corrective Action Planned: We plan to ensure that all time sheets and invoices include the supervisor's signature and proper authorization for payment.

Anticipated completion date: July 1, 2012



Schedule of Current Years Findings and Questioned Costs, continued,

**11-03**

Criteria: Non-compliance with LSA-RS 42:1 through 42:12 (open meetings law)

Condition: The agenda for the board meetings were not posted in a public manner as an open meeting.

Questioned Cost: None

Context: Upon interviewing management, I discovered that the meeting agendas were not posted.

Recommendation: I recommend that management post the meeting agenda in the building any building in which the organization operates.

**Management's views and responses**

Contact Person: Director

Corrective Action Planned: We will begin to post the agenda for minutes as required by the open meetings law.

Anticipated completion date: July 1, 2012

**Louisiana Attestation Questionnaire**

**United Citizens and Neighborhoods, Inc.  
1511 Oakdale St  
Shreveport, LA 71108**

June 16, 2012

Talmadge E. Mitchell  
Certified Public Accountant  
A Professional Corporation  
1240 Milam St  
Shreveport, LA 71101

In connection with your review of our financial statements as of December 31, 2011 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representation).

**Federal, State, and Local Awards**

We have detailed for you the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes  No

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes  No

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes  No

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes  No

**Open Meetings**

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:1 through 42:13 (the open meetings law).

Yes  No

**Budget**

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes  No



**Prior Year Comments**

We have resolved all prior-year recommendations and/or comments.

Yes  No

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

  
\_\_\_\_\_  
Pelena Turner Secretary/Treasurer 6-16-12 Date  
  
\_\_\_\_\_  
Pelena Turner President 6-16-2012 Date