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NEW ORLEANS JOBS INITIATIVE, INC.

COMPILED FINANCIAL STATEMENTS
TOGETHER WITH
ACCOUNTANTS' REPORT

FOR THE YEAR ENDED MARCH 31, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5-17-06

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ACCOUNTANTS' REPORT

To the Board of Directors
New Orleans Jobs Initiative, Inc.

We have compiled the accompanying statement of financial position of **New Orleans Jobs Initiative, Inc. (NOJI)** as of March 31, 2005, and the related statements of activities and cash flows for the year then ended, and the accompanying schedule of functional expenses which is presented only for supplementary analysis purposes, 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 schedule of functional expenses and, accordingly, do not express an opinion or any other form of assurance on them.

Bruno & Tervalon, LLP

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

April 14, 2006

NEW ORLEANS JOBS INITIATIVE, INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2005

ASSETS

Cash	\$ 33,937
Grants receivable	35,743
Promises to give (NOTE 4)	62,500
Prepaid expenses and other assets	500
Equipment, net of accumulated depreciation of \$3,869 (NOTE 2)	<u>9,942</u>
Total assets	<u>\$142,622</u>

LIABILITIES AND NET ASSETS (DEFICITS)

Liabilities:	
Accounts payable and accrued liabilities	81,098
Notes payable (NOTES 5 AND 10)	1,246
Obligation under capital lease (NOTE 6)	<u>5,509</u>
Total liabilities	<u>87,853</u>
Net assets (deficits):	
Unrestricted	(7,731)
Temporarily restricted (NOTE 8)	<u>62,500</u>
Total net assets	<u>54,769</u>
Total liabilities and net assets	<u>\$142,622</u>

See the Accountants' Report and Notes to Financial Statements.

NEW ORLEANS JOBS INITIATIVE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>REVENUES</u>			
Contributions and grants-private (NOTE 7)	\$ 374,552	\$ 62,500	\$ 437,052
Program service fees - state and local	165,697	-0-	165,697
Net assets released form restrictions	<u>105,000</u>	<u>105,000</u>	<u>-0-</u>
<i>Total revenues</i>	<u>645,249</u>	<u>(42,500)</u>	<u>602,749</u>
<u>EXPENSES</u>			
Program Services:			
Employment and training	<u>390,547</u>	<u>-0-</u>	<u>390,547</u>
<i>Total program services</i>	<u>390,547</u>	<u>-0-</u>	<u>390,547</u>
Support Services:			
General and administrative	163,293	-0-	163,293
Fundraising	<u>19,958</u>	<u>-0-</u>	<u>19,958</u>
<i>Total support services</i>	<u>183,251</u>	<u>-0-</u>	<u>183,251</u>
<i>Total expenses</i>	<u>573,798</u>	<u>-0-</u>	<u>573,798</u>
Change in net assets (deficits)	71,451	(42,500)	28,951
Net assets (deficits), beginning of year	<u>(79,182)</u>	<u>105,000</u>	<u>25,818</u>
Net assets (deficits), end of year	\$ <u>(7,731)</u>	\$ <u>62,500</u>	\$ <u>54,769</u>

See the Accountants' Report and Notes to Financial Statements.

NEW ORLEANS JOBS INITIATIVE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2005

Cash Flows from Operating Activities:

Change in net deficits	\$ 28,951
Adjustments to reconcile change in net deficits to net cash provided by operating activities:	
Depreciation	1,735
Other	17,792
Changes in operating assets and liabilities:	
Decrease in grants receivable	11,799
Decrease in promises to give	42,500
Decrease in prepaid expenses and other assets	6,481
Increase in accounts payable and accrued liabilities	<u>17,922</u>
Net cash provided by operating activities	<u>127,180</u>

Cash Flows from Investing Activities:

Proceeds from sale of assets	<u>3,278</u>
Net cash provided by investing activities	<u>3,278</u>

Cash Flows from Financing Activities:

Decrease in bank overdrafts	(18,888)
Payments on notes payable	<u>(78,522)</u>
Net cash used in financing activities	<u>(97,410)</u>

Net increase in cash 33,048

Cash at beginning of year 889

Cash at end of year \$ 33,937

Supplemental Cash Flow Information:

Cash paid for interest \$ 2,050

See the Accountants' Report and Notes to Financial Statements.

NEW ORLEANS JOBS INITIATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Organization:

The **New Orleans Jobs Initiative, Inc. (NOJI)** was organized on June 24, 1997 as a not-for-profit organization to prepare persons with low incomes for careers that sustain families; to assist in building a skilled work force that business needs to grow the local economy and to improve the policies and practices of our education, training and employment systems to better serve low income families and the region's businesses. The Board of Directors of **NOJI** decided its mission could best be performed by ceasing to deliver direct services and has revamped its operations to serve as a catalyst for a regional workforce development network in the Greater New Orleans area.

NOTE 2 - Summary of Significant Accounting Policies:

Principles of Accounting

NOJI is a not-for-profit corporation whose financial statements are prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

Basis of Reporting

In accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 117, which establishes standards for external financial reporting by not-for-profit organizations, **NOJI** classifies resources for accounting and reporting purposes into three net asset categories which are unrestricted, temporarily restricted and permanently restricted net assets according to externally (donor) imposed restrictions.

NEW ORLEANS JOBS INITIATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

A description of the three net asset categories is as follows:

- Unrestricted net assets include contributions not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of **NOJI** are included in this category. **NOJI** has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of **NOJI** and, therefore, **NOJI**'s policy is to record these net assets as unrestricted.
- Temporarily restricted net assets include contributions for which donor imposed time or purpose restrictions have not been met.
- Permanently restricted net assets are contributions stipulated by the donor-imposed restriction to be invested in perpetuity and only the income be made available for program operations in accordance with the donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor imposed restrictions.

At March 31, 2005, **NOJI** did not have any permanently restricted net assets.

NEW ORLEANS JOBS INITIATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Equipment

Equipment of **NOJI** is recorded as an asset and is stated at historical cost, if purchased, or at fair market value at the date of the gift, if donated. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized.

Depreciation is provided using the straight-line method over the estimated useful life of five (5) years:

Such assets and related accumulated depreciation consist of the following:

Equipment	\$ 13,810
Accumulated depreciation	<u>(3,868)</u>
Equipment, net	\$ <u>9,942</u>

Donated Services

NOJI receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the statement of activities as the fair value of those services has not been determined.

Contributions and Grants

Revenues received under grant programs are recognized when earned. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

NEW ORLEANS JOBS INITIATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Income Taxes

NOJI is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

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.

Cash Equivalents

For purposes of the statement of cash flows, **NOJI** considers all investments purchased with a maturity of three months or less to be cash equivalents. **NOJI** had no cash equivalents at March 31, 2005.

NOTE 3 - Contingency:

NOJI is a recipient of various grants. These grants are subject to the contractual requirements as set-forth in the grant agreements between **NOJI** and the applicable funding sources. The administration of these grants is under the control of the **New Orleans Jobs Initiative, Inc.** and is subject to audit and/or review by the applicable funding sources.

NOTE 4 - Promises to Give:

Unconditional promises to give at March 31, 2005 are as follows:

Receivable in less than one year	\$ <u>62,500</u>
Total unconditional promises to give	\$ <u>62,500</u>

NEW ORLEANS JOBS INITIATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - Notes Payables:

Notes payable at March 31, 2005 consist of the following:

Notes payable to finance company with an interest rate of 7.75%, payable in monthly installments of \$435.	\$ <u>1,246</u>
Total	\$ <u>1,246</u>

NOTE 6 - Leases:

NOJI leases equipment under a capital lease. Minimum future lease payments under this capital lease as of March 31, 2005 for each of the next four years and in the aggregate are:

Year Ended <u>March 31,</u>	
2006	\$ 3,116
2007	3,116
2008	<u>2,756</u>
Total minimum lease payments	8,988
Less: Amount representing interest	<u>(3,479)</u>
Present value of net minimum lease payments	\$ <u>5,509</u>

NEW ORLEANS JOBS INITIATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 7 - Contributions and Grants-Private:

NOJI received contributions and grants from the following organizations during the year ended March 31, 2005:

Contributions

Keller Family Foundation	\$ 20,000
Reily Foundation	10,000
Other	<u>7,052</u>
Total contributions	<u>37,052</u>

Grants

Annie E. Casey Foundation (AEC) Grant	<u>400,000</u>
Total grants	<u>400,000</u>
Total contributions and grants	<u>\$437,052</u>

NOTE 8 - Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following periods:

Year Ended March 31,

2006	<u>62,500</u>
Total temporarily restricted net assets	\$ <u>62,500</u>

NEW ORLEANS JOBS INITIATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - Fair Value of Financial Instruments:

The estimated fair value of all significant financial statement amounts have been determined by **NOJI** using available market information and appropriate valuation methodologies.

NOJI considers the carrying amounts of the cash and notes payable to be fair value.

NOTE 10 - Related Parties:

NOJI has professional service contracts with various entities whose officers or board members also serve as officers or board members of **NOJI**. Transactions with these other entities were approximately \$43,500 during the year ended March 31, 2005. The applicable officers or board members are in a position to, and in the future may, influence the volume of activity by **NOJI** for the benefit of the other entities over which they serve as an officer or board member. These transactions are summarized as follows:

Delgado Community College (participant tuition)	<u>\$43,500</u>
	<u>\$43,500</u>

SUPPLEMENTARY INFORMATION

NEW ORLEANS JOBS INITIATIVE, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2005

	Employment and <u>Training</u>	General and <u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 146,192	\$ 66,277	\$ 19,633	\$ 232,102
Payroll taxes and fringes	30,763	-0-	-0-	30,763
Professional services	148,190	54,035	-0-	202,225
Printing and publications	1,299	-0-	-0-	1,299
Participant assistance	26,795	-0-	-0-	26,795
Meetings, food and beverages	717	325	-0-	1,042
Travel and conferences	2,676	-0-	-0-	2,676
Supplies	4,679	1,859	-0-	6,538
Postage and courier service	459	622	-0-	1,081
Occupancy	22,936	2,585	325	25,846
Telephone	2,160	-0-	-0-	2,160
Depreciation	868	867	-0-	1,735
Repairs and maintenance	-0-	795	-0-	795
Interest and bank charges	-0-	2,050	-0-	2,050
Insurance	2,813	5,113	-0-	7,926
Loss on sale of equipment	-0-	22,135	-0-	22,135
Bad debts	<u>-0-</u>	<u>6,630</u>	<u>-0-</u>	<u>6,630</u>
Total expenses	\$ <u>390,547</u>	\$ <u>163,293</u>	\$ <u>19,958</u>	\$ <u>573,798</u>

See the Accountants' Report and Notes to Financial Statements.

NEW ORLEANS JOBS INITIATIVE, INC.
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Section I - Financial Statement Findings

	<u>Resolved</u>	<u>Unresolved</u>	<u>No Longer Applicable</u>
2004-01 Check Disbursements			X

Section II - Federal Award Findings and Questioned Costs

Not applicable.

Section III - Management Letter Comments

	<u>Resolved</u>	<u>Unresolved</u>	<u>In-Progress</u>
2004-MLC-01 - Annie E. Casey	X		
2004-MLC-02 - Payroll Taxes	X		
2004-MLC-03 - Other Matters	X		

NEW ORLEANS JOBS INITIATIVE, INC.

EXIT CONFERENCE

The report was discussed at an exit conference. The individuals in attendance are outlined below. This report is intended solely for the use of the Board of Directors, management, the Legislative Auditor of the State of Louisiana and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

NEW ORLEANS JOBS INITIATIVE, INC.

Mr. Charlie Lacoste, CPA

-- Controller

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Michael B. Bruno, CPA

-- Managing Partner

Mr. Armand E. Pinkney

-- Manager