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CPA & CONSULTING  
SERVICES, LLC

BRENDEL W. DEEMER, CPA  
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OPEN WORLD FAMILY SERVICES, INC.

Independent Auditor's Report and Financial Statements  
For the Year Ended December 31, 2010

Deemer CPA and Consulting Services, LLC

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.

DEC 21 2011

Release Date \_\_\_\_\_

**Open World Family Services, Inc.**  
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### Independent Auditor's Report

#### **To the Board of Directors of Open World Family Services, Inc.:**

I was engaged to audit the statement of financial position of Open World Family Services, Inc. (a non-profit organization) (hereinafter referred to as Open World) as of December 31, 2010, and the related statement of activities for the year then ended. These financial statements are the responsibility of Open World's management.

The accounting and reporting process for the balances of cash, payroll taxes payable, fixed assets, grants receivables and net assets were ineffective. A reconciliation of current year balances could not be provided due to the uncertainty by management of the beginning balances included in those numbers.

Additionally, management was unable to provide a cash flow statement as required by generally accepting accounting principles. As a result, the accuracy and appropriateness of the transactions and balances contained within these accounts was indeterminable as well as the cash position of the agency.

Due to the significance of the matters described above, and since the scope of work was not sufficient, I am unable to express and I do not express, an opinion on the financial statements of Open World Family Services, Inc.

In accordance with Government Auditing Standards, I have also issued my report dated October 26, 2011 on my consideration of Open World Family Services, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contract, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

My audit was attempted for the purpose of forming an opinion on the financial statements of Open World Family Services, Inc. taken as a whole. The schedule of functional expenses and the schedule of expenditures of federal awards is provided for purposes of additional analysis and are not a required part of the financial statements of the organization. However, such information has been subjected to auditing procedures but due to the previously mentioned deficiencies in the financial data, I do not express an opinion on them.

*Deemer CPA and Consulting Services, LLC*

New Orleans, Louisiana  
October 26, 2011

**Open World Family Services, Inc.**  
**Statement of Financial Position**  
**As of December 31, 2010**

**Assets**

Current Assets	
Grant Receivable	\$ 305,655
Payroll Advance	3,501
	<hr/>
Total Current Assets	309,156
	<hr/>
Fixed Assets	
Furniture and Equipment	10,100
	<hr/>
Total Fixed Assets	10,100
	<hr/>
<b>Total Assets</b>	<b>\$ 319,256</b>
	<hr/> <hr/>

**Liabilities and Net Assets**

Current Liabilities	
Accounts Payable & Accrued Expenses	\$ 207,209
Payroll Taxes Payable	84,562
	<hr/>
Total Current Liabilities	291,771

**Net Assets**

Unrestricted	27,485
	<hr/>
<b>Total Net Assets</b>	<b>27,485</b>
	<hr/>
<b>Total Liabilities and Net Assets</b>	<b>\$ 319,256</b>
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements

**Open World Family Services, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 2010**

	<u>Unrestricted</u>
<b>Revenues and Other Support</b>	
Governmental Grants	\$ 693,035
<b>Total Revenues and Other Support</b>	<u>\$ 693,035</u>
<b>Expenditures</b>	
Program Services	\$ 796,041
Support Services	<u>7,055</u>
<b>Total Expenditures</b>	<u>803,096</u>
<b>Change In Net Assets</b>	\$ (110,061)
<b>Net Assets At Beginning Of Year</b>	<u>137,546</u>
<b>Net Assets At End Of Year</b>	<u><u>\$ 27,485</u></u>

The accompanying notes are an integral part of these financial statements.

**Open World Family Services, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2010**

**1. Summary of Significant Accounting Policies**

**General** – Open World Family Services, Inc’s (Open World) purpose is to change lives through services and programs placed in the communities where they work. The agency helps families and individuals reach their life, educational, and training goals. They also assist individuals and families in learning how to think outside of the box, and develop skills to reach their full potential.

**Basis of Accounting** – Open World’s financial statements are prepared on the accrual basis of accounting, whereby revenue is recorded when earned and expenses are recorded when incurred.

**Property and Equipment** – Improvements which significantly extend the useful life of an asset and purchases of buildings, land, and equipment are capitalized. The straight line method of depreciation is used for the assets owned by Open World. The estimated useful lives of these assets range from 3 to 40 years.

**Income Taxes** – Open World has been determined to be tax exempt under Section 501 (c) 3 of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

**Use of Estimates-** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

**Functional Expenses** – Expenses are charged to each program based on direct expenditures incurred. Any expenditure not directly chargeable is allocated to a program based on management’s estimates.

**Cash** - Cash is comprised of cash on hand and in banks.

## **2. Net Assets**

A description of the three types of Net Assets categories is described below:

Unrestricted net assets are comprised of funds without donor-imposed restrictions. The revenues received by Open World and expenses incurred are included in this category.

Temporarily restricted net assets include income, gifts, and contributions which have temporary restrictions that have not been met.

Permanently restricted net assets include income, gifts, and contributions which have donor-imposed restrictions to be invested in perpetuity and only the income from those investments can be made available for program operations.

As of December 31, 2010, Open World had unrestricted net assets.

## **3. Economic Dependency**

Open World Family Services, Inc. receives its funding from government grants. The continuance of this program is dependent upon the agency's ability to gain renewal of contracts and grants as well as to obtain new funding.

## **4. Board of Directors Compensation**

The board of directors operates on a voluntary basis, as such there were no payments made to any board member during the year ended December 31, 2010 for services.



**SUPPLEMENTAL INFORMATION**

**Open World Family Services, Inc.**  
**Schedule of Functional Expenses**  
**For the Year Ended December 31, 2010**

<b>Expenditures</b>	<u><b>Program Services</b></u>	<u><b>Support Services</b></u>	<u><b>Total</b></u>
	After School Program	General & Administrative	
Payroll Expenses	\$ 451,747	\$ -	\$ 451,747
Contracted Services	0	3,260	3,260
Business Expenses	0	2,044	2,044
Building Materials	3,056	0	3,056
Asthma Control	21,578	0	21,578
Advertising	0	125	125
ACH Debit	73,587	0	73,587
Employee Relations	0	1,626	1,626
Facilities and Equipment	999	0	999
Fuel	41	0	41
Rent Expense	19,942	0	19,942
LTCP Operational	1,656	0	1,656
Maintenance	6,355	0	6,355
Membership Dues	345	0	345
Miscellaneous	2,624	0	2,624
Nutritional Supplies	3,167	0	3,167
Books and Subscriptions	11,502	0	11,502
Office Supplies	12,980	0	12,980
Postage	528	0	528
Printing and Copying	796	0	796
Telephone	9,521	0	9,521
Insurance	10,263	0	10,263
Taxes	31,837	0	31,837
Travel	17,856	0	17,856
Utilities	5,665	0	5,665
Transportation	3,106	0	3,106
Uncategorized Expenses	20,910	0	20,910
Tobacco Control Expense	18,803	0	18,803
Technology	664	0	664
Staff Development	1,900	0	1,900
Operations	2,998	0	2,998
Parking	517	0	517
Professional Services	43,050	0	43,050
Recreational Activities	2,848	0	2,848
Security	4,512	0	4,512
Summer Enrichment	10,620	0	10,620
Vehicle	68	0	68
<b>Total Expenditures</b>	<u><u>\$ 796,041</u></u>	<u><u>\$ 7,055</u></u>	<u><u>\$ 803,096</u></u>

See Independent Auditor's Report.

**Open World Family Services, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2010**

<u>Grantor</u>	<u>CFDA Number</u>	<u>Revenues</u>	<u>Expenses</u>
*U.S. Department Of Education 21 <sup>st</sup> Century Grant	84.287C	\$538,910	\$690,569
U.S. Department Of Health and Hospitals-Tobacco Control Program		\$ 68,124	\$ 68,124
U.S. Department Of Health and Hospitals-Asthma Control Program		\$ <u>44,403</u>	\$ <u>44,403</u>
Total Governmental Financial Assistance		<u>\$651,437</u>	<u>\$803,096</u>

Note: The accompanying schedule of expenditures of governmental financial assistance is prepared on the accrual basis of accounting.

\*Major program as indicated by OMB Circular A-133

The accompanying notes are an integral part of these financial statements.



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**Independent Auditors' Report On Internal Control  
Over Financial Reporting And On Compliance  
And Other Matters  
Based On An Audit Of Financial Statements Performed In Accordance With  
Government Auditing Standards**

Board of Directors  
Open World Family Services, Inc.  
New Orleans, Louisiana

I have audited the financial statements of Open World Family Services, Inc. (Open World) as of and for the year ended December 31, 2010, and have issued my report thereon dated October 26, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Open World's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Open World's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Open World's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, I identified certain deficiencies in internal control over financial reporting that I consider to be material weaknesses. They are identified as Finding 10-1 through 10-8 as listed in the schedule of findings and questioned costs.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Open World's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 10-1 through 10-8.

This report is intended solely for the information and use of management, Open World's Board of Directors, others within the entity, the Legislative Auditor for the State of Louisiana, federal awarding agencies and federal flow through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Deemer CPA and Consulting Services, LLC*

October 26, 2011



CPA & CONSULTING  
SERVICES, LLC

BRENDEL W. DEEMER, CPA  
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**Report on Compliance With Requirements Applicable to Each Major Program and  
on Internal Control Over Compliance in Accordance With OMB Circular A-133  
Compliance**

Board of Directors  
Open World Family Services, Inc.  
New Orleans, Louisiana

I have audited the compliance of Open World Family Services, Inc. (Open World) with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2010. Open World's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Open World's management. My responsibility is to express an opinion on Open World's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Open World's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Open World's compliance with those requirements.

As described in items 10-1 through 10-8 in the accompanying schedule of findings and questioned costs, Open World Family Services, Inc. did not comply with requirements regarding Procurement, Suspension and Debarment, Allowable Costs/Cost Principles, Equipment and Real Property Management, and Reporting that are applicable to its 21<sup>st</sup> Century Grant. Compliance with such requirements is necessary, in my opinion, for Open World Family Services, Inc. to comply with requirements related to its major federal program.

In my opinion, Open World did not comply, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2010.

### **Internal Control Over Compliance**

Management of Open World is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Open World's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Open World's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliances is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 10-1 through 10-8 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. I consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 10-1 through 10-8 to be significant deficiencies.

Open World Family Services, Inc.'s responses to the findings identified in my audit are described in the last page of this report. I did not audit Open World's responses and, accordingly, I express no opinion on the responses.

This report is intended solely for the information and use of management, Open World's Board of Directors, State of Louisiana Legislative Auditor, others within the entity, 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.

*Deemer CPA and Consulting Services, LLC*

October 26, 2011

**Open World Family Services, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2010**

I have audited the financial statements of Open World Family Services, Inc. as of and for the year ended December 31, 2010, and have issued my report thereon dated October 26, 2011. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. I have summarized my audit of the financial statements as of December 31, 2010.

**1. Summary of Auditor's Results**

- A. Control Deficiencies were disclosed by the audit of the financial statements: **Yes**  
Material Weaknesses: **Yes**
- B. Noncompliance which is material to the financial statements: **Yes**
- C. Control Deficiencies over major programs: **Yes**  
Material Weaknesses: **Yes**
- D. The type of report issued on compliance for major programs: **Adverse Opinion.**
- E. Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133: **No**
- F. Major program: **U.S.Department of Education, 21<sup>st</sup> Century Grant, CFDA Number 84.287C.**
- G. Dollar threshold used to distinguish between Type A and Type B programs:  
**\$300,000**
- H. Auditee qualified as a low-risk audited under section 530 of OMB Circular A-133: **No**



**Open World Family Services, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2010**

**10-1 Incomplete, Untimely, and Un-reconciled Financial Statements**

**Criteria:**

Financial statements should be completed and reconciled on a monthly basis. Additionally, at the end of each fiscal year, the statements should be reviewed for required year-end adjustments and/or reclassifications.

**Condition:**

Bank accounts remain un-reconciled for the year ended December 31, 2010 due to an unsupported beginning cash balance and the beginning net asset balance is unsupported along with the beginning accounts receivable balance. Additionally, the financial statements provided included \$20,910 of uncategorized expenses.

**Cause:**

The agency hired four different accountants within the past 18 months. It appears that the persons hired did not possess the experience or knowledge to perform bookkeeping services.

**Effect:**

Without detailed, reconciled financial statements maintained in a timely manner, the financial condition of an organization is indeterminable. Additionally, there is a substantial risk that omissions, errors, and/or irregularities can exist and not be detected.

**Recommendation:**

It is recommended that Open World Family Services, Inc. allow the current accountant additional time to review and record properly prior year balances.

## **10-2 Fund Accounting Not Implemented**

**Criteria:**

Open World Family Services, Inc. receives funding from various federal, state, and local governmental agencies which must be accounted for separately.

**Condition:**

A detail of expenditures by grant was not provided.

**Cause:**

Ineffective internal controls in the accounting and a lack of communication regarding the recording of expenditures are apparent.

**Effect:**

The failure to properly utilize the expense classes has led to an inability to report to the various funding sources where their particular funds were spent.

**Recommendation:**

An accounting file with appropriate expense classes must be utilized.

## **10-3 Fixed Assets Schedule Not Maintained**

**Criteria:**

The Louisiana State Revised Statute 24:515(b) requires that all governments "shall maintain records of all land, buildings, improvements other than buildings, equipment, and any other general fixed assets which were purchased or otherwise acquired, and for which such entity is accountable."

**Condition:**

A fixed asset detail was requested but it was not provided.

**Cause:**

A complete fixed asset detail was not maintained.

**Effect:**

The lack of adequate internal controls over fixed assets and accounting in general, compromises the safeguarding of assets. Additionally, the fixed asset amount included in the financial statements could not be fully tested.

**Recommendation:**

Adequate policies and procedures relating to fixed assets should be adopted and fully implemented.

#### **10-4 No Supporting Documentation on Various Expenditures**

**Questioned Costs: \$ 42,510.70**

**Criteria:**

An organization should maintain records in such a manner that an "audit trail" is available on all transactions.

**Condition:**

During my attempt to audit the financial statements of Open World Family Services, Inc., it was noted that there were several cash advances retrieved from various atm machines from a company debit card.

**Cause:**

Insufficient maintenance of supporting documentation is the result of a lack of internal controls relating to cash disbursements.

**Effect:**

Cash disbursements have been made and there may be errors, and/or irregularities that exist but may not be detected due to the lack of documentation.

**Recommendation:**

Supporting documentation should be maintained on file for all cash disbursements. This information should be readily available for review.

#### **10-5 Expenses Not Included In Grant Budgets**

**Questioned Costs: \$6,066.50**

**Criteria:**

Open World Family Services, Inc. utilized grant funds to pay for daily employee lunches, atm fees from cash withdrawals, nsf fees, and a spa retreat.

**Condition:** Federal grant rules and regulations require expenditures to be made in accordance with the approved budget.

**Cause:** Expenses were paid with grant funds that do not appear in the approved budget.

**Effect:** Lack of internal controls regarding expenditures allowed the payment of these expenditures.

**Recommendation:** Management must implement internal control procedures to review expenditures prior to payment.

#### **10-6 Delinquent Audit Report Submission**

**Criteria:**

The State of Louisiana audit law requires that Open World's audit be issued within six (6) months following the end of the fiscal year.

**Condition:**

The audit of the financial statements of Open World was not completed within six months of the close of the entity's fiscal year.

**Cause:**

The audit was not engaged timely.

**Effect:**

The organization's inability to provide audited financial statements within the required timeframe places them in noncompliance with the State of Louisiana's audit law.

**Recommendation:**

Open World should engage an auditor in a timely manner.

#### **10-7 Incomplete Travel Records**

**Questioned Costs: \$17,856.48**

**Criteria:**

Open World Family Services, Inc. does not maintain separate and complete travel files.

**Condition:**

It was noted that receipts were available for plane tickets and hotel stays however, there were no documents maintained to support the fact that travel was for Open World Family Services, Inc.

**Cause:**

Incomplete files do not provide support for expenditures.

**Effect:**

Certain travel reimbursements are unsupported.

**Recommendation:**

Open World Family Services, Inc. must maintain literature from conferences, meetings etc. to support the fact that travel expenditures were for business of Open World.

## **10-8 Unpaid Payroll Taxes**

### **Criteria:**

Payroll taxes must be remitted timely and in accordance with federal rules and regulations.

### **Condition:**

There is an outstanding payroll liability with both the Federal government and the State of Louisiana. The amount was indeterminable by the agency's staff, however they do acknowledge that payroll remains unreconciled and that tax notices are received regularly.

### **Cause:**

Open World Family Services, Inc. has incurred tax expenses that have gone unpaid.

### **Effect:**

There could be future sanctions taken by both the federal and state government regarding the nonpayment of payroll taxes.

### **Recommendation:**

It is recommended that Open World Family Services, Inc. pay all payroll taxes timely and in accordance with federal and state rules and regulations.

**Section III – Federal Awards**

The following items listed in the financial statements section also apply to the federal awards:

10-1 through 10-8.

**Open World Family Services, Inc.**  
**Status of Prior Year Findings**  
**For the Year Ended December 31, 2010**

This is the agency's first audit. There were no prior year audit findings.

**OPEN WORLD FAMILY SERVICES, INC.**  
4521 SCHINDLER DRIVE., NEW ORLEANS, LA 70127  
(T) 504. 274.9776 • (F) 866-840-3971 OPENWORLDSITE@GMAIL.COM

November 1, 2011

Legislative Auditor's Office

State of Louisiana

**Re: Audit Report Findings**

To WHOM IT MAY CONCERN:

Please accept this letter as an explanation for Findings on Open World Family Services, Inc. First Audit Report for the year 2010:

**Findings 10-1 to 10-4, 10-7 and 10-8:**

As Findings 10-1 to 10-4, 10-7 and 10-8 are related to our problems with hiring qualified bookkeeping and accounting staff, I would like to address this concern first.

Open World Family Services, Inc. was awarded the 21<sup>st</sup> CCLC Contract in March 2009, and before we received any funds, we hired our first bookkeeper who did very little for the first six months of the program.

When we realized that this situation needed to be resolved, we searched for and under the advisement of another community partner, we hired our second bookkeeper/ accountant in early November 2009. His qualifications were determined by the fact that he was degreed and had been referred to our organization by a community partner who had worked with him before. Once again, we found his services lacking commitment, and often times had to track him down to get work done.

In June 2010, when we could not get him to respond to our organizational needs, and to return some of our key program records – such as Tax Forms and receipts, we began our search for a third accountant. Additionally, this person had informed us that he had completed key reports to the State and Federal Governments for our organization, but when asked for a copy, he was unable to provide us with said copies.



Our next bookkeeper came to us with a degree in business and a background in business auditing. However, after coming on board, she explained that she was familiar with other accounting software Quicken, while we used Quick Books. She assured us she would be able to learn the new software and correct the concerns we had with our financial records. This person appeared to understand what we needed, and as she began working on our General Ledger – she explained that it would be best if she started from scratch so that she could categorize expenditures as they related to our grant expenditures. After making said changes, she was unable to provide us with needed reports, and still seemed to have problems working with the software. We recognized this as a similar pattern of problem, and having already encountered two previous bookkeepers with issues, and quickly terminated our relationship with this third bookkeeper.

If anyone had told us that we would be able to find qualified book-keeping/accounting services, we would have been truly surprised. We now have a truly committed and highly skilled bookkeeper who is working to correct the issues created by his predecessors, and who was able to assist us in finding a qualified Certified Public Accountant to complete our audit report for the 2010. To help us keep additional consistency in maintaining our financial records, we have also made the decision to engage the same CPA for the 2011 Audit.

Correcting the problems of the past and putting us on the right track will take time, but as an organization is committed to carrying out our mission of strengthening the family through high quality education, and training. To this end, we must and will work with our current bookkeeping and accounting contractors to make the necessary changes and eliminate similar findings in future audits:

**10-1 Incomplete, Untimely and Un-reconciled financial Statements** – Now that we have a qualified accountant who is revisiting all account balances, adjusting, and making corrections as needed, we will make Revised 2010 Financials available for review

**10-2 Fund Accounting Not Implemented** – Please refer to 10-1—Our current accountant will make needed corrections and Revised 2010 Financials will be made available for review.

**10-3 Fixed Asset Schedule Not Maintained** – This Schedule will be updated and corrected as needed and make available for review immediately.

**10-4 No Supporting Documentation on Various Expenditures** – Please See 10-1. Once the Findings are corrected, this problem should be eliminated. Once again, with our current bookkeeper, these corrections will be completed, and Revised 2010 Financials will be made available for review

**10-5 Expenses No Included In Grant Budget** – Having met with and discussed this finding – Our management and staff will no longer engage in the use of a Debit Card, Ensure that all accounts and properly maintained and balanced on a regular basis to avoid banking fees, and that all staff retreats and meetings are funded through approved sources.

**10-6 Delinquent Audit Report** -- Open World Family Services, Inc. will work diligently to provide our independent auditor and bookkeeper with the necessary documentation to avoid all future delays in audit reporting.

**10-7 – Incomplete Travel Records** -- Please Refer to 10-1 – As we make the needed corrections in our General Ledger and records reporting, Open World Family Services, Inc will work to ensure that all documentation is maintained in the proper order and manner recommended by the independent auditor and in compliance with the State of Louisiana Records Policy and Federal Guidelines.

**10-8 Unpaid Payroll Taxes** – Open World Family Services, Inc. is currently working out an agreement with the Internal Revenue Service and correcting our financial records, which will ensure that these findings do not occur in the future.

Please feel free to contact us for any further information or clarifications at (504) 274-9776.

Sincerely,

A handwritten signature in cursive script that reads "Kim R. Cassell". The signature is written in black ink and is positioned above the printed name.

Kim R. Cassell  
Executive Director, Open World Family Services, Inc.