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LAFAYETTE TRAINING AND CAREER DEVELOPMENT CENTER, INC.

FINANCIAL REPORT

SEPTEMBER 30, 2005

As Prepared by the Accounting Firm of
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Release Date 4/5/06

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Lafayette Training and Career
Development Center, Inc.
Lafayette, Louisiana

I was engaged to audit the accompanying statement of financial position of Lafayette Training and Career Development Center, Inc. as of September 30, 2005, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's Management.

I was unable to determine the propriety of certain recorded expenses reflected in the statement of activities and the organization lacks a formal accounting system that is sufficient to gather information necessary to prepare financial statements accurately and in accordance with generally accepted accounting principles. I was also unable to satisfy myself as to the classification of workers as contract laborers or employees and whether liabilities exist with regard to payroll taxes that should have been withheld from employees and for which employer related payroll taxes should have been paid by the Organization in compliance with Federal Income Tax Regulations.

Because of the significance of the matters discussed in the preceding paragraph, the scope of my work was not sufficient, to enable me to express, and I do not express, an opinion on the financial statements referred to in the first paragraph.

In accordance with Government Auditing Standards, I have also issued a report dated March 20, 2006, on my consideration of Lafayette Training and Career Development Center, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts 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.

Kenneth T. Toups

Lafayette, Louisiana
March 20, 2006

LAFAYETTE TRAINING AND CAREER DEVELOPMENT CENTER, INC.

STATEMENT OF FINANCIAL POSITION
September 30, 2005

ASSETS	
CURRENT ASSETS	
Cash	$ 5,255
Total assets	$ 5,255
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accrued Payroll Tax Liabilities	$ 192
NET ASSETS	
Unrestricted	5,063
Total liabilities and net assets	$ 5,255

See Notes to Financial Statements.

LAFAYETTE TRAINING AND CAREER DEVELOPMENT CENTER, INC.

STATEMENT OF ACTIVITIES
Year Ended September 30, 2005

REVENUES, GAINS AND OTHER SUPPORT	
Grant Revenue	$ 76,169
Total revenues, gains and other support	$ 76,169
EXPENSES	
Program expenses:	
Youth Development	75,515
Change in unrestricted net assets	$ 654
Net assets, unrestricted, at beginning of year	4,409
Net assets, unrestricted, at end of year	$ 5,063

See Notes to Financial Statements.

LAFAYETTE TRAINING AND CAREER DEVELOPMENT CENTER, INC.

STATEMENT OF CASH FLOWS
Year Ended September 30, 2005

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 654
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Decrease in due from executive director	2,159
Decrease in accrued payroll	(4,892)
Increase in accrued payroll tax liabilities	192
Net cash provided by operating activities	$ (1,887)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from loan	$ 5,000
Repayment of loan	(5,000)
Net cash provided by financing activities	$ -
Net decrease in cash	$ (1,887)
Cash at beginning of year	7,142
Cash at end of year	$ 5,255

See Notes to Financial Statements

LAFAYETTE TRAINING AND CAREER DEVELOPMENT CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies

Nature of Organization:

Lafayette Training and Career Development Center, Inc. (the "Organization") provides youth development training in the out-of-school hours for students.

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting.

The Organization is an exempt organization for federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code.

Significant Accounting Policies:

Support and Expenses

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets in the statement of activities as net assets released from restrictions.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Donated Services

The Organization receives donated services from unpaid volunteers who assist in program services during the year; however, these donated services are not reflected in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

NOTES TO FINANCIAL STATEMENTS (continued)

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Use of Estimates

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2. <u>Natural Classification of Program Expenses</u>

Expenses incurred were for the following for the year ended September 30, 2005:

Salaries	$ 64,487
Supplies	293
Food and Snacks	1,208
Education Expense	2,748
Travel Expense	1,030
Repairs	81
Telephone	392
Postage	125
Other	606
Bank Fees	75
Interest Expense	58
Penalties & Interest	74
Professional Fees	4,175
Taxes – Payroll	163
	$ 75,515

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Lafayette Training and Career
Development Center, Inc.
Lafayette, Louisiana

I have audited the financial statements of Lafayette Training and Career Development Center, Inc. (a nonprofit organization) as of and for the year ended September 30, 2005, and have issued my report thereon dated March 20, 2006. 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.

Compliance

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of 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 that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as items #2005-1 through #2005-6

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Organization's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting; however, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings and questioned costs as items #2005-1 through #2005-6

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses; however, of the reportable conditions above, I consider all items to be material weaknesses.

This report is intended solely for the information of management, others within the Organization, 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.

Lafayette, Louisiana
March 20, 2006

LAFAYETTE TRAINING AND CAREER DEVELOPMENT CENTER, INC.

Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan
Year Ended September 30, 2005

I. Prior Year Findings:

Finding 2004-1 Lack of Formal Accounting System and Internal Controls
Lafayette Training and Career Development Center, Inc. lacks an accounting system that is sufficient to gather information necessary to prepare financial statements accurately and in accordance with generally accepted accounting principles.

Status:
Unresolved. See current year finding 2005-1

Finding 2004-2 Bank Statements are not reconciled
The Organizations bank statements were not being reconciled to the check book balance and in a timely fashion.

Status:
Resolved

Finding 2004-3 Expense Reimbursement not properly supported
Executive Director pays for expenses on behalf of the organization and reimburses herself.

Status:
Unresolved. See current year finding 2005-3

Finding 2004-4 Payroll Procedures
Employees were being paid for more or less hours than actually worked and no one was approving the staff sign-in sheets.

Status
Unresolved. See current year finding 2005-4

Finding 2004-5 Listing of Fixed Assets
The organization has never taken an inventory of fixed assets nor have they tagged fixed assets when they were purchased.

Status:
Unresolved. See current year finding 2005-5

LAFAYETTE TRAINING AND CAREER DEVELOPMENT CENTER, INC.

Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan (Continued)
Year Ended September 30, 2005

Finding 2004-6 In-Kind Donations
The organization uses facilities and other equipment rent free; however, no in-kind revenue has been recorded in the financial statements.

Status:
Unresolved. See current year finding 2005-6

Finding 2004-7 Department of Education Contract
The organization made purchases for snacks/entertainment, etc. with DOE grant proceeds and there was a question as to whether or not these expenditures qualified under the terms of the contract.

Status:
Resolved

Finding 2004-8 Employment Practices
The organization does not treat full-time employees as such and payroll taxes are not being withheld from employee's payroll checks.

Status:
Unresolved: See current year finding 2005-7

Finding 2004-9 Audit Report Submission
State law requires that audit reports be completed and submitted six months after the fiscal year end. The organization's audit report was not complete until after the deadline.

Status:
Resolved.

LAFAYETTE TRAINING AND CAREER DEVELOPMENT CENTER, INC.

Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan
Year Ended September 30, 2005

II. Current Year Findings and Management's Corrective Action Plan:

#2005-1 Lack of Formal Accounting System and Internal Controls

Finding: The Organization lacks an accounting system that is sufficient to gather information necessary to prepare financial statements accurately and in accordance with generally accepted accounting principles.

In addition, the organization has no system of internal controls. One person handles all aspects of the accounting function.

Recommendation: The organization should implement an accounting system that will enable it to timely and accurately gather financial information necessary to prepare financial statements in accordance with generally accepted accounting principles, as well as a system of internal controls that provides the appropriate level of checks and balances.

Response: The Board of Directors is aware of the weakness relative to the segregation of duties which is a result of the small staff required to administer the organization's operations. Adding staff is not an economically viable solution and therefore, the board will continue to monitor expenditures and disbursements as well as regularly review budget performance.

#2005-2 Form 990 (Non-Profit) Income Tax Returns not filed

Finding: A review of the internal files of Lafayette Training and Career Development Center, Inc. revealed that the organization has received correspondence from the Internal Revenue Service regarding the non-filing of Form 990, Return of Organization Exempt from Income Tax, for the past two years.

Recommendation: Executive Director or a member of the Board of Directors should immediately phone the Internal Revenue Service regarding the non-filing notices received. If the organization is required to file a return, then the returns should be filed immediately; however, if the returns are not required to be filed, then disregard the notices. If a form is required to be filed and in turn is not filed, then the organization could be subjected to substantial interest and non-filing/late filing penalties.

Response: The executive director will immediately look into this matter and relay her findings to the Board of Directors.

#2005-3 Expense Reimbursements Not Properly Supported

Finding: A review of the accounts payable and paid bill files revealed that the Organization is paying the expenses of the Organization in a timely fashion: However, once bills/invoices are paid, all are not being cancelled (listing date paid, check number, etc.) and filed away accordingly.

Recommendation: Expenditures, including reimbursements, should be properly supported by invoices. Once the invoices are paid, the executive director should mark each invoice as "paid", along with the date paid and the check number used to pay that particular invoice.

Response: Executive Director will immediately introduce this practice into the daily accounting procedures of the Organization.

#2005-4 Payroll Procedures

Finding: When testing payments to employees, we noted several instances where employees were paid for more hours than the sign in sheets indicated that the employees worked and also instances were the employee was paid for less hours than the sign-in sheets indicated that they worked.

Recommendation: The Organization should implement procedures where someone reviews the time sheets, then approves them before payments are made to employees, just to make sure that employees are paid for the correct amount of hours worked.

Response: Staff sign-in sheets are being reviewed and require an administrative signature before payment is issued. The issue is already resolved.

#2005-5 Listing of Fixed Assets

Finding: The Organization has never taken an inventory of fixed assets nor have they tagged fixed assets when they were purchased.

Recommendation: The Organization should take an inventory of all fixed assets they own, tag the assets, and record them in their financial statements net of accumulated depreciation.

Response: This is not required by the Department of Education. All current and future assets will be listed, kept on file.

#2005-6 In-Kind Donations

Finding: The Organization uses facilities rent free; however, no in-kind revenue has been recorded in the financial statements nor has the value of the donations been determined.

Recommendation: The Organization should track in-kind donations and assign values to them.

Response: Values are assigned on budget statement annually and are not required to include as monthly report.

#2005-7 Employment Practices

Finding: The Organization does not treat full-time employees as such with respect to withholding of payroll taxes. Forms 1099 were issued to workers during the 2004/2005 year.

The Executive Director withholds only Louisiana State Income Tax from her payroll checks occasionally. The Executive Director is a full time employee and as such should be subjected to the withholding of Social Security and Medicare payments from her salary and possibly Federal and Louisiana Income Taxes based on her filing status. By following these Federal Payroll Tax guidelines, the Organization would likely be subjected to matching contributions for Social Security and Medicare. Based on our review, there are likely other employees that should be treated similarly as employees, as opposed to independent contractors as noted above.

Recommendation: If a person providing services to the Organization meets the requirements of treatment as an employee, the Organization should account for payroll taxes as such and begin withholding the proper amount of payroll taxes from their paychecks and payroll tax reports should be prepared. Amounts withheld from payroll checks should be reconciled to amounts remitted.

Response: These findings (tax withholdings) will be evaluated and changes made accordingly. Reconciliation will be performed with review by an outside accountant.