

**NEW BEGINNINGS --  
COMMUNITY DEVELOPMENT CORPORATION  
PORT ALLEN, LOUISIANA  
ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2012**

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 OCT 02 2013

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# **BAXLEY AND ASSOCIATES, LLC**

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Board of Directors  
New Beginnings – Community Development Corporation  
Port Allen, Louisiana

## **INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial statements of New Beginnings – Community Development Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## INDEPENDENT AUDITOR'S REPORT (continued)

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Beginnings – Community Development Corporation as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America

### Other Reports

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2013, on our consideration of New Beginnings – Community Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Beginnings – Community Development Corporation's internal control over financial reporting and compliance

*Baxley & Associates, LLC*

Plaquemine, Louisiana  
June 10, 2013

## **FINANCIAL STATEMENTS**

**NEW BEGINNINGS --  
COMMUNITY DEVELOPMENT CORPORATION  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2012**

<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 36,224
Petty cash	<u>300</u>
Total Current Assets	<u>36,524</u>
Property and Equipment	
Furniture and fixtures	34,211
Less Accumulated depreciation	<u>(19,649)</u>
Total Property and Equipment	<u>14,562</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 51,086</u></u></b>
<b>LIABILITIES AND NET ASSETS</b>	
Current Liabilities	
Accounts payable	\$ 12,817
Payroll taxes withheld and accrued	211
Leases payable	<u>90</u>
Total Current Liabilities	<u>13,118</u>
Net Assets	
Unrestricted	<u>37,968</u>
Total Net Assets	<u>37,968</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$ 51,086</u></u></b>

The accompanying notes are an integral part of this statement

**NEW BEGINNINGS--  
COMMUNITY DEVELOPMENT CORPORATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Total</b>
<b>REVENUES, GRANTS AND OTHER SUPPORT</b>	
Federal grants	\$ 140,231
Program service revenue	200
Interest	57
Other income	6,064
<b>TOTAL REVENUES, GRANTS, AND OTHER SUPPORT</b>	<b>146,552</b>
<b>EXPENSES</b>	
Program services	182,082
Management and general	28,566
Fundraising	1,119
<b>TOTAL EXPENSES</b>	<b>211,767</b>
<b>CHANGE IN NET ASSETS</b>	<b>(65,215)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>103,183</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 37,968</b>

The accompanying notes are an integral part of this statement

**NEW BEGINNINGS -- COMMUNITY DEVELOPMENT CORPORATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
<b>EXPENSES</b>				
Salaries	\$ 45,986	\$ 2,472	\$ 989	\$ 49,447
Payroll taxes	3,518	189	76	3,783
Fringe benefits	2,531	136	54	2,721
Bank fees	-	39	-	39
Program contract labor	69,542	-	-	69,542
Depreciation	-	9,320	-	9,320
Evaluations	15,000	-	-	15,000
Insurance	2,021	-	-	2,021
Interest	-	723	-	723
Miscellaneous	116	366	-	482
Postage	27	-	-	27
Printing	1,554	-	-	1,554
Professional fees	-	7,899	-	7,899
Rent	1,112	59	-	1,170
Staff Volunteer Development	4,696	-	-	4,696
Supplies	9,657	1,073	-	10,730
Telephone	1,583	528	-	2,110
Travel	3,713	655	-	4,368
Transportation	18,988	-	-	18,988
Worker's compensation claim	-	5,000	-	5,000
Utilities	2,040	107	-	2,147
<b>TOTAL EXPENSES</b>	<b>\$ 182,082</b>	<b>\$ 28,566</b>	<b>\$ 1,119</b>	<b>\$ 211,767</b>

The accompanying notes are an integral part of this statement



**NEW BEGINNINGS -- COMMUNITY DEVELOPMENT CORPORATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ (65,215)
Adjustments to reconcile net assets to net cash provided by operating activities	
Depreciation	9,320
Decrease in accounts receivable	95,616
Decrease in prepaid insurance	2,021
(Decrease) in accounts payable	(8,260)
(Decrease) in payroll taxes withheld and accrued	<u>(1,530)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b><u>31,952</u></b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Purchase of capital assets	<u>(16,162)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b><u>(16,162)</u></b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	
Proceeds from line of credit	35,000
Principal payments on line of credit	<u>(53,000)</u>
<b>NET CASH (USED) BY FINANCING ACTIVITIES</b>	<b><u>(18,000)</u></b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2,210)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b><u>38,734</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 36,524</u></b>
<b>SUMMARY OF CASH AND CASH EQUIVALENTS</b>	
Cash and cash equivalents	\$ 36,224
Petty cash	300
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 36,524</u></b>
<b>Supplemental Data</b>	
Interest paid	<u>\$ 723</u>

The accompanying notes are integral part of this statement

**NEW BEGINNINGS – COMMUNITY DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

New Beginnings – Community Development Corporation is a 501(c)(3) non-profit organization formed in 2000, and located in Port Allen, Louisiana. The mission of New Beginnings is to cultivate social and economic development in West Baton Rouge Parish. The goal of New Beginnings – Community Development Corporation is to improve the quality of life in the community by providing educational support, life skills training, and enrichment and growth opportunities for youth and their families. New Beginnings – Community Development Corporation's mentoring, summer, and after school programs provide a well-rounded menu of services that is designed to meet the educational, vocational, physical, social, and psychological needs of the whole child. New Beginnings – Community Development Corporation serves West Baton Rouge Parish students from Pre-Kindergarten to 12<sup>th</sup> grade. The primary source of income for New Beginnings – Community Development Corporation is derived from grants.

**Reporting Entity**

New Beginnings – Community Development Corporation is an independent non-profit organization with its own board of directors, mission, and vision. The board members are made up of volunteers who do not receive compensation for serving. New Beginnings – Community Development Corporation is not a component unit of another primary government nor does it have any component units which are related to it. Therefore, New Beginnings – Community Development Corporation has presented its financial statements as a separate special-purpose entity.

**Basis of Accounting**

The financial statements are prepared on the accrual basis wherein revenues are recognized when earned and expenses are recognized when incurred.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, New Beginnings – Community Development Corporation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Bad Debts**

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At December 31, 2012, there were no amounts considered to be uncollectible.

**NEW BEGINNINGS – COMMUNITY DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

**Property & Equipment and Depreciation**

Property and equipment are stated at cost, unless donated. Donated property and equipment are stated at fair market value as of the date of the gift. The policy implemented by New Beginnings --- Community Development Corporation for the capitalization of property and equipment is to capitalize all items which have a cost greater than \$500. Depreciation is charged to operations using the straight-line method over the estimated useful lives as follows:

Buildings	30-40 years
Vehicles	5 years
Furniture and fixtures	3-10 years

**Revenues**

The majority of the Organization's revenue is derived from U.S. Department of Education federal grants that are passed through the Louisiana Department of Education.

**Income Taxes**

New Beginnings is a nonprofit organization and has been granted tax exempt status under Section 501(c)(3) of the Internal Revenue Service. Therefore, the Organization has not recorded a provision for income taxes in the accompanying financial statements and the Organization does not have any uncertain tax positions. The Organization files a federal tax return under U.S. federal jurisdiction.

**Contributions**

The Organization has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

**Financial Statement Presentation**

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-For-Profit Organizations." Under SFAS No. 117, 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. In addition, the Organization is required to present a statement of cash flows. As permitted by the Statement, the Organization has discontinued its use of fund accounting.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NEW BEGINNINGS – COMMUNITY DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE B – DEPOSITS AND CASH EQUIVALENTS**

At year end, New Beginnings – Community Development Corporation’s carrying amount of deposits was \$36,224 and the bank balances were \$40,218. The entire bank balance was covered by federal depository insurance.

**NOTE C - ACCOUNTS RECEIVABLE**

There was no accounts receivable at December 31, 2012.

**NOTE D - PROPERTY AND EQUIPMENT**

Property and equipment is scheduled as follows:

	<u>BALANCE 1/1/2012</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE 12/31/2012</u>
Furniture and fixtures	\$ 18,049	\$ 16,162	\$ -	\$ 34,211
Accumulated depreciation	(10,329)	(9,320)	-	(19,649)
<b>Total Property and Equipment</b>	<u>\$ 7,720</u>			<u>\$ 14,562</u>

Total depreciation expense for the year ended December 31, 2012 was \$9,320.

**NOTE E – LINE OF CREDIT**

In April 2010, New Beginnings – Community Development Corporation obtained a \$35,000 unsecured revolving line of credit from American Gateway Bank to help finance its short-term capital needs. Interest is payable monthly on outstanding balances at an interest rate of 7.75%. The balance of the line of credit at December 31, 2012 was \$0. The following is a summary of the activity of the line of credit for the year ended December 31, 2012:

	<u>2012</u>
Balance, December 31, 2011	\$ 18,000
Draws made during year	35,000
Payments made during year	<u>(53,000)</u>
Balance, December 31, 2012	<u>\$ -</u>

**NEW BEGINNINGS – COMMUNITY DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE F – GRANTS**

New Beginnings – Community Development Corporation received funding from various grants through local foundations and federal agencies. New Beginnings – Community Development Corporation received the following grants for the year ended December 31, 2012:

	<u>2012</u>
U S Department of Education - pass-through grant from Louisiana Department of Education	<u>\$ 140,231</u>
Total Grants	<u><u>\$ 140,231</u></u>

**NOTE G – ACCOUNTING FOR UNCERTAIN TAX POSITIONS**

On January 1, 2009, the Organization adopted the provisions of the *Accounting for Uncertainty in Income Taxes* Topic of the FASB Accounting Standards Codification. The implementation of this Topic has no impact on the statement of financial position or statement of activities.

All tax returns have been appropriately filed by the Organization. The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The Organization's tax filings are subject to audit by various taxing authorities. The Organization's open audit periods are 2010 through 2012. Management evaluated the Organization's tax position and concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

**NOTE H – LITIGATION**

New Beginnings has one claim filed against them from a contractor who alleges that she was hurt while moving furniture on location, therefore making it a worker's compensation matter. New Beginnings did not have Worker's Compensation Insurance at the time of the incident. The courts have suggested that both parties have a mediation conference. As of January 2013, the matter has been resolved and closed. An adjustment of \$5,000 is reflected in the current year financial statements related to this litigation.

**NOTE I – SUBSEQUENT EVENTS**

These financial statements considered subsequent events through June 10, 2013, the date the financial statements were available to be issued.

On May 21, 2013, the Louisiana Department of Education approved New Beginnings – Community Development Corporation's proposal for the 21<sup>st</sup> Century Community Learning Center grant and will be recommended to the State Board of Elementary and Secondary Education for approval to receive a contract from the Louisiana Department of Education. The time period for this contract will be 36 months beginning July 1, 2013 – June 30, 2016.

# **BAXLEY AND ASSOCIATES, LLC**

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## **SCHEDULE 1**

Board of Directors  
New Beginnings – Community Development Corporation  
Port Allen, Louisiana

### **INDEPENDENT AUDITOR'S 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**

We have audited, in accordance with the 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, the financial statements of New Beginnings – Community Development Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 10, 2013.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered New Beginnings – Community Development Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Beginnings – Community Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies [2012-1].

**INDEPENDENT AUDITOR'S 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**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether New Beginnings - Community Development Corporation's financial statements are free of material misstatement, we 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 our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**New Beginnings – Community Development Corporation's Response to Findings**

New Beginnings - Community Development Corporation's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. New Beginnings – Community Development Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Baxley & Associates, LLC*

Plaquemine, Louisiana  
June 10, 2013

**NEW BEGINNINGS – COMMUNITY DEVELOPMENT CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2012**

**A. SUMMARY OF AUDIT RESULTS**

*Financial Statements*

Type of auditor's report issued *unqualified*

Internal control over financial reporting

- Material weaknesses identified? \_\_\_\_\_yes      X  no
- Significant deficiency identified that is not considered to be material weaknesses?   X  yes    \_\_\_\_\_no
- Noncompliance material to financial statements noted? \_\_\_\_\_yes      X  no

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

**2012-1 LACK OF CONTROLS OVER FINANCIAL REPORTING IN ACCORDANCE WITH GAAP**

Condition

New Beginnings did not fully prepare financial statements in accordance with generally accepted accounting principles (GAAP) This is a repeat finding

Criteria

Year-end adjusting journal entries were not made to the financial statements to ensure that the statements were prepared in accordance with generally accepted accounting principles

Effect

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the annual financial statements. This condition is intentional by management based upon the financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Recently issued Statement on Auditing Standards (SAS) 112 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with non audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.



**NEW BEGINNINGS – COMMUNITY DEVELOPMENT CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2012**

Recommendation

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 112's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 112. In this case we do not believe the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

Management's Response

New Beginnings' management and the governing board understand their responsibility in the preparation of the financial statements, and that having the auditor play a role in the preparation of the financial statements will continue to result in a material weakness in our future audits. At this time, we believe that the benefit of hiring additional staff with expertise in GAAP accounting (like a CPA) does not outweigh the cost and is, therefore, cost-prohibitive to us. New Beginnings, however, remains committed to improving our financial position of our company. New Beginnings will embrace the lessons learned by reviewing the types of year-end journal entries and accounting principles that the auditor utilized and will make reasonable efforts to improve our accounting practices accordingly.

**SCHEDULE 3**

**NEW BEGINNINGS – COMMUNITY DEVELOPMENT CORPORATION  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2012**

**2011-1 LACK OF CONTROLS OVER FINANCIAL REPORTING IN ACCORDANCE WITH GAAP**

Condition

New Beginnings did not fully prepare financial statements in accordance with generally accepted accounting principles (GAAP)

Recommendation

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 112's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 112. In this case we do not believe the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

Current Status

This condition still exists in the current year.