



LUTHER SPEIGHT & COMPANY, LLC

Certified Public Accountants and Consultants

Reviewed Financial Statements
of

DEBRA B. MORTON MINISTRIES FREEDOM SCHOOL

As of and For the Year Ended December 31, 2010

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 FEB 15 2012

DEBRA B MORTON MINISTRIES, INC
FREEDOM SCHOOL DIVISION

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LUTHER SPEIGHT & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Debra B Morton Ministries
FREEDOM SCHOOL
New Orleans, LA

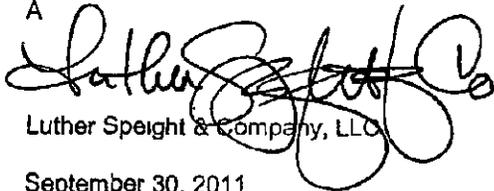
We have reviewed the accompanying statement of assets, liabilities, and net assets—cash basis of the Debra B. Morton Ministries – FREEDOM SCHOOL (a nonprofit organization) as of December 31, 2010, and the related statement of revenues, expenses, and changes in net assets—cash basis for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

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

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the cash basis of accounting, as described in Note

A



Luther Speight & Company, LLC

September 30, 2011

DEBRA B. MORTON MINISTRIES
FREEDOM SCHOOL
Statement of Assets, Liabilities and Net Assets - Cash Basis
For the Fiscal Year Ended December 31, 2010

ASSETS

Cash In Bank	\$ 2,339
Due From Affiliated Entry	<u>18,448</u>

TOTAL ASSETS

\$ 20,787

LIABILITIES & NET ASSETS

Liabilities

Net Assets

Net Assets - Temporarily Restricted	<u>20,687</u>
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Total Net Assets	<u><u>20,687</u></u>
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TOTAL LIABILITIES & NET ASSETS

\$ 20,687

See accompanying notes and independent accountant's review report

DEBRA B MORTON MINISTRIES
FREEDOM SCHOOLS

Statement of Revenues, Expenses and Changes in Net Assets - Cash Basis
For the Year Ended December 31, 2010

Ordinary Income/Expense

Income

Grant Income - CDBG	\$	202,891
NSF Deposit Returned		<u>(30)</u>

Total Income 202,861

Expense

Personnel Costs	75,918
Supplies - Class/Office/Art	12,279
Books, Subscriptions, Reference	8,200
Meals - Food & Cooks	12,813
Printing	4,075
Facility Rental	15,400
Field Trips	2,619
Transportation	9,900
Travel Expenses	10,180
Training	13,200
Donations	100
Miscellaneous Expense	18,327
Bank Fees	<u>98</u>

Total Expense 183,109

Changes In Net Assets 19,752

Net Assets - Beginning 935

Net Assets - Ending \$ 20,687

See accompanying notes and independent accountant's review report

**DEBRA B. MORTON MINISTRIES
FREEDOM SCHOOL**

NOTES TO FINANCIAL STATEMENTS

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Company Background

Debra B Morton is the President of Debra B Morton Ministries and the Senior Pastor of Greater St Stephens Full Gospel Baptist Church – New Orleans, LA and Co-Pastor of Changing A Generation Ministries – Atlanta, GA Pastor Morton attained her Doctor of Ministry degree in 1999 and is the author of six (6) books

Pastor Morton works tirelessly to serve the Greater New Orleans community and beyond In her efforts to help motivate the city youth, Debra B Morton Ministries partnered with Ministries in New Orleans East, Gentilly and the West Bank to operate a Children's Defense Fund Freedom School summer program with funding from the Louisiana Department of Social Services

Program participants follow curriculums providing intensive reading instruction Student activities also include drama, music, art and field trips. The program endeavors to promote self confidence, instill discipline, teach conflict resolution skills, and to serve as an outlet to gain different perspectives on life

Basis of Accounting

The Organization's policy is to prepare its financial statements on the cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned and expenses are recognized when cash is disbursed rather than when obligation is incurred

Income Taxes

As a nonprofit organization, the Debra B Morton Ministries – FREEDOM SCHOOL is not subject to federal income taxes.

Independent Accountant's Report
on Applying Agreed-Upon Procedures

To the Management of Debra B Morton Ministries
FREEDOM SCHOOL PROGRAM

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Any Quasi-Public Agency, the Legislative Auditor, State of Louisiana, and applicable state grantor agency/agencies solely to assist the users in evaluating management's assertions about Any Quasi-Public Agency's compliance with certain laws and regulations during the year ended December 31, 2010 included in the accompanying *Louisiana Attestation Questionnaire*. Management of Any Quasi-Public Agency is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Federal, State, and Local Awards

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

Debra B Morton Ministries – FREEDOM SCHOOL federal award expenditures for all federal programs for the fiscal year follow

Federal, State, or Local Grant Name	Grant Year	CFDA No. (if applicable)	Amount
<u>CDF Freedom School Program-Franklin Ave</u>	6/2010-7/2010		60,736
<u>CDF Freedom School Program-Ames Blvd</u>	6/2010-7/2010		62,735
<u>CDF Freedom School Program – Read Blvd</u>	6/2010-7/2010		59,638
Total Expenditures			183,109

- 2 For each federal, state, and local award, we randomly selected 6 disbursements from each award administered during the period under examination, totaling 18 transactions

- 3 For the items selected in procedure 2, we traced the six disbursements to supporting documentation as to proper amount and payee

We examined supporting documentation for each of the selected disbursements and noted the following results:

Ames Blvd Location – of the six transactions requested for sampling, four transactions were for the correct amount and made payable to the correct vendor. There were two transactions that we were unable to test. These transactions were related to personnel costs. Employees worked per verbal agreements and sign-in/out logs were not available as of the date of our report.

Franklin Ave Location – of the six transactions requested for sampling, five transactions were available, payable to the correct vendor and for the correct amount. The remaining sample request was also related to personnel costs. As noted above, supporting documentation was not available as of the date of this report.

Read Blvd Location – of the six transactions requested for sampling, four transactions were available. One of the available disbursements was made payable for \$350.12 less than the invoice requested, but was payable to the correct vendor. The remaining two requested documents were not available as of the date of our report.

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

Based upon the items that we were able to sample, we noted no misclassifications related to general ledger accounts or fund coding.

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

No exceptions.

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

Activities allowed or unallowed

Our review of the documents from procedure 2 did not yield evidence of any unallowed disbursements. All transactions available for review were in accordance with the proposed use of funds.

Eligibility

Our review did not note program eligibility requirements as it relates to income limitations. The program documents reviewed noted the servicing of youths in specific geographical areas. We did not note any exceptions.

Reporting

Reimbursements reports were not reviewed.

- 7 For the programs selected for testing in item (2) that had been closed out during the period under review, we compared the close-out report, when required, with the agency's financial records to determine whether the amounts agree

The six disbursements selected included one federal program for three locations that were closed out during the period of our review. Program close-out reports were not available as of the date of our report and were not reviewed.

Open Meetings

- 8 We examined evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by R S 42 1 through 42 13 (the open meetings law)

Not applicable.

Budget

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

Debra B Morton Ministries – FREEDOM SCHOOL provided comprehensive budgets to the applicable state grantor agencies for the programs mentioned previously. These budgets specified the anticipated uses of the funds, estimates of the duration of the projects, and plans showing specific goals and objectives that included measures of performance

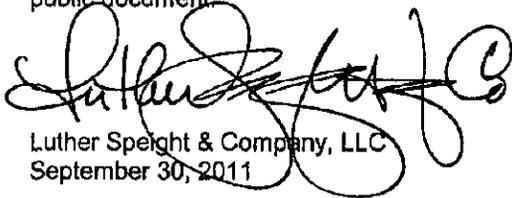
Prior Comments and Recommendations

- 10 We reviewed any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved

We were not made aware of any prior-year suggestions, recommendations, and/or comments. This is the initial attestation report required of the Debra B Morton Ministries – FREEDOM SCHOOL program.

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

This report is intended solely for the use of management of Debra B Morton Ministries – FREEDOM SCHOOL, the Legislative Auditor (State of Louisiana), and the applicable state grantor agency/agencies and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24 513, this report is distributed by the Legislative Auditor as a public document.



Luther Speight & Company, LLC
September 30, 2011

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Agencies)**

November 3, 2011

Luther Speight & Company, LLC
1100 Poydras Street, Suite #1225
New Orleans, LA 70163 (Auditors)

In connection with your review of our financial statements as of December 31, 2010 and for the period then ended, and as required by Louisiana Revised Statute 24.513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations

These representations are based on the information available to us as of September 30, 2011.

Federal, State, and Local Awards

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

Yes No

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

Yes No

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

Yes No

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

Yes No

January 31, 2012

Mr. Luther Speight, III, CPA
1100 Poydras Street, Suite 1225
New Orleans, LA 70163

Dear Mr. Speight:

This letter includes my responses to the Compliance Questionnaire for the DB Morton Ministries, Inc. Freedom School review attestation engagement you performed for the year ended December 31, 2010.

Report Comment:

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

Management's Response:

Our program maintained cancelled checks on file for all disbursements. However we did not maintain all vendor invoices on file that were requested by your firm. I have reviewed our file maintenance procedures with our program staff and will assure that all documentation, including vendor invoices is maintained on file for future programs.

Very truly yours,



Pastor Debra B. Morton