

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

**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 **OCT 12 2011**

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

## **INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying statement of financial position of New Beginnings – Community Development Corporation (a nonprofit organization) as of December 31, 2010, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of New Beginnings – Community Development Corporation's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 30, 2011, 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* and should be considered in assessing the results of our audit.

## INDEPENDENT AUDITORS' REPORT, Continued

Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as *Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the *underlying accounting and other records used to prepare the financial statements or to the financial statements themselves*, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Baxley & Associates, LLC*

Plaquemine, Louisiana  
June 30, 2011

**FINANCIAL STATEMENTS**

**NEW BEGINNINGS --  
COMMUNITY DEVELOPMENT CORPORATION  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2010**

<b>ASSETS</b>	
Current Assets	
Cash	\$ 60,041
Petty cash	300
Accounts receivable	<u>28,540</u>
Total Current Assets	<u>88,881</u>
Property and Equipment	
Furniture and fixtures	15,605
Less: Accumulated depreciation	<u>(4,652)</u>
Total Property and Equipment	<u>10,953</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 99,834</u></b>
<b>LIABILITIES AND NET ASSETS</b>	
Current Liabilities	
Accounts payable	\$ 6,745
Payroll taxes withheld and accrued	3,624
Leases payable	715
Line of credit - American Gateway Bank	<u>14,700</u>
Total Current Liabilities	<u>25,784</u>
Net Assets	
Unrestricted	<u>74,050</u>
Total Net Assets	<u>74,050</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 99,834</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, 2010**

	<b>Total</b>
<b>REVENUES, GRANTS AND OTHER SUPPORT</b>	
Federal grants	\$ 590,306
Other grants	33,669
Contributions	12,500
Program service revenue	17,272
Fundraising	6,478
Interest	81
Other income	1,921
	<b>662,227</b>
<b>TOTAL SUPPORT AND REVENUES</b>	
<b>EXPENSES</b>	
Program services	587,777
Management and general	43,737
Fundraising	6,028
	<b>637,542</b>
<b>TOTAL EXPENSES</b>	
<b>CHANGE IN NET ASSETS</b>	<b>24,685</b>
<b>NET ASSETS AT BEGINNING OF PERIOD</b>	<b>49,365</b>
<b>NET ASSETS AT END OF PERIOD</b>	<b>\$ 74,050</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, 2010**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
<b>EXPENSES</b>				
Salaries	\$ 153,266	\$ 8,240	\$ 3,296	\$ 164,802
Payroll taxes	11,853	637	255	12,745
Fringe benefits	10,303	554	222	11,078
Bank fees	-	499	-	499
Consulting	277,201	-	-	277,201
Depreciation	-	3,914	-	3,914
Dues and subscriptions	-	1,490	-	1,490
Evaluations	5,700	-	-	5,700
Insurance	2,553	-	-	2,553
Interest	-	262	-	262
Meetings	-	1,689	1,689	3,378
Miscellaneous	-	3,414	-	3,414
Postage	964	-	-	964
Printing	2,265	-	566	2,831
Professional fees	-	20,630	-	20,630
Rent	10,573	556	-	11,129
Repairs	4,883	-	-	4,883
Stipends	2,500	-	-	2,500
Supplies	44,414	-	-	44,414
Telephone	3,397	1,132	-	4,529
Travel	2,921	516	-	3,437
Transportation	51,122	-	-	51,122
Utilities	3,864	203	-	4,067
<b>TOTAL EXPENSES</b>	<u>\$ 587,777</u>	<u>\$ 43,737</u>	<u>\$ 6,028</u>	<u>\$ 637,542</u>

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, 2010**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 24,685
Adjustments to reconcile net assets to net cash provided by operating activities:	
Depreciation	3,914
Decrease in accounts receivable	8,777
(Decrease) in payroll taxes withheld	(4,840)
(Decrease) in accounts payable	(24,620)
Increase in rent payable	550
	<u>8,466</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>8,466</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Purchase of capital assets	<u>(11,591)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(11,591)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	
Proceeds from line of credit	45,000
Principal payments on line of credit	<u>(30,300)</u>
<b>NET CASH (USED) BY FINANCING ACTIVITIES</b>	<u>14,700</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>11,575</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>48,766</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 60,341</u></u>

The accompanying notes are integral part of this statement.

**NEW BEGINNINGS – COMMUNITY DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

**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.

**Property & equipment and depreciation**

Property and equipment are stated at cost, unless donated. Donated property and equipment is stated at fair market value as of the date of the gift. Depreciation is charged to operations using the straight-line method at various rates calculated to extinguish the book value of items over their useful lives. 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.

**Income taxes**

New Beginnings is a nonprofit organization and has been granted tax exempt status under Section 501(c)3 of the Internal Revenue Code.

**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.

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

**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.

**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, 2010, there were no amounts considered to be uncollectible.

**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.

**NOTE B - PROPERTY AND EQUIPMENT**

Property and equipment is scheduled as follows:

	<u>BALANCE 1/1/2010</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE 12/31/2010</u>
Furniture and fixtures	\$ 4,014	\$ 11,591	\$ -	\$ 15,605
Accumulated depreciation	(738)	(3,914)	-	(4,652)
<b>Total Property and Equipment</b>	<u>\$ (738)</u>			<u>\$ 10,953</u>

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

**NOTE C - ACCOUNTS RECEIVABLE**

The accounts receivable for the year ended December 31, 2010 is as follows:

Louisiana Department of Education	\$ 28,140
Employees	<u>400</u>
<b>TOTAL ACCOUNTS RECEIVABLE</b>	<b><u>\$ 28,540</u></b>

**NOTE D – DEPOSITS AND CASH EQUIVALENTS**

At year end, New Beginnings – Community Development Corporation's carrying amount of deposits was \$60,041 and the bank balance was \$68,037. The entire bank balance was covered by federal depository insurance.

**NOTE E – LEASES**

New Beginnings – Community Development Corporation has the following leases as of December 31, 2010:

- Premier Storage – office space, Suite B. The lease term is 12 months with monthly payments of \$300 ending in December 2010.
- Premier Storage – office space, Suite C. The lease term is 12 months with monthly payments of \$500 ending in February 2010 and \$550 ending in February 2011.
- Intracoastal Self Storage – storage unit. The lease term is 12 months with monthly payments of \$90 beginning in April 2010 and ending in April 2011.

**NOTE F – 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, 2010 was \$14,700.

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

**NOTE G – 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, 2010:

	<u>2010</u>
U.S Department of Education - pass-through grant from Louisiana Department of Education	\$ 505,132
U.S. Department of Education grants	85,174
Wilson Foundation grant	30,000
Arts Council Grant	<u>3,669</u>
Total Grants	<u>\$ 623,975</u>

**NOTE H – SUBSEQUENT EVENTS**

As of June 15, 2011, the unsecured line of credit with American Gateway Bank was paid in full.

These financial statements considered subsequent events through June 30, 2011, the date the financial statements were available to be issued.

**NOTE I – TAX RELATED MATTERS**

New Beginnings – Community Development Corporation has three open tax years, December 31, 2010, 2009, 2008, and no interest or penalties have been assessed or paid.

**SUPPLEMENTARY INFORMATION**

SCHEDULE 1

NEW BEGINNINGS CDC  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

Program	CFDA#	Grant Period	Total Expenditures
<b>U.S. Department of Education</b>			
Pass-through LA Department of Education			
21st Century Community Learning Centers			
	84.287		
Project # 28-09-6C		5/1/09-4/30/10	* \$ 178,861
Project # 28-10-6C640		5/1/10-4/30/11	* 326,271
		<b>Subtotal</b>	<b>505,132</b>
<b>U.S. Department of Education</b>			
Safe and Drug-Free Schools and Communities			
	84.184	4/1/08-6/30/10	85,174
<b>Total Expenditures of Federal Awards</b>			<b>\$ 590,306</b>

\* Major Program

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of New Beginnings CDC and is presented on the cash basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements. There were no subrecipients of the federal grants.

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## **SCHEDULE 2**

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

### **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 the financial statements New Beginnings – Community Development Corporation (a nonprofit organization) as of and for the year ended December 31, 2010, and have issued our report thereon dated June 30, 2011. 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.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered New Beginnings - Community Development Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the New Beginnings - Community Development Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the New Beginnings - Community Development Corporation'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting (2010-1). 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.

**SCHEDULE 2  
(continued)**

**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 the finding identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit New Beginnings - Community Development Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of the management of the New Beginnings - Community Development Corporation's Office and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

*Baxley & Associates, LLC*

Plaquemine, Louisiana  
June 30, 2011

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## **SCHEDULE 3**

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

### **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

#### Compliance

We have audited New Beginnings - Community Development Corporation compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of New Beginnings - Community Development Corporation's major federal programs for the year ended December 31, 2010. New Beginnings - Community Development Corporation's major federal programs are 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 New Beginnings - Community Development Corporation's management. Our responsibility is to express an opinion on New Beginnings - Community Development Corporation's compliance based on our audit.

We conducted our 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 we 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 New Beginnings - Community Development Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on New Beginnings - Community Development Corporation's compliance with those requirements.

In our opinion, New Beginnings - Community Development Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(continued)**

**Internal Control Over Compliance**

Management of New Beginnings - Community Development Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered New Beginnings - Community Development Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our 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, we do not express an opinion on the effectiveness of the New Beginnings - Community Development Corporation's internal control over compliance.

*Our* consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, but did identify one that we consider to be a significant deficiency.

*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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* 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.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2010-1 to be significant deficiencies.

New Beginnings - Community Development Corporation's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit New Beginning CDC's responses and, accordingly, we express no opinion on the responses.

**EXHIBIT 3  
(continued)**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(continued)**

This report is intended solely for the information of the management of the New Beginnings - Community Development Corporation's Office and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

*Baxley & Associates, LLC*

Plaquemine, LA  
June 30, 2011

**NEW BEGINNINGS – COMMUNITY DEVELOPMENT CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2010**

**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

*Federal Awards*

Internal control over major programs:

- Material weaknesses identified? \_\_\_\_\_ yes      X   no
- Significant deficiency identified that is not considered to be material weaknesses?   X   yes    \_\_\_\_\_ none reported

Type of auditor's report issued on compliance for major programs: *unqualified*

Any audit findings disclosed that are not required to be reported in accordance with section 501(a) of Circular A-133? \_\_\_\_\_ yes      X   no

Identification of major programs:

*CFDA Number(s):*  
84.287

*Name of Federal Program or Cluster:*  
21<sup>st</sup> Century Community Learning Centers

Dollar threshold used to distinguish between type A and type B programs: \$300,000 or Greater  
Auditee qualified as low-risk auditee? \_\_\_\_\_ yes      X   no

NEW BEGINNINGS – COMMUNITY DEVELOPMENT CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2010

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

**2010-1 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.

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.

**NEW BEGINNINGS – COMMUNITY DEVELOPMENT CORPORATION  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2010**

**2009-1 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.