NEW ORLEANS COMPUTER ACCESS PROJECT, INC.
NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

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 7-27-05
CONTENTS

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS 1

FINANCIAL STATEMENTS

  Statement of Financial Position 2
  Statement of Activities and Changes in Net Assets 3
  Statement of Functional Expenses 4
  Statement of Cash Flows 5

NOTES TO FINANCIAL STATEMENTS 6 - 7

REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS 8
INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Board of Directors
New Orleans Computer Access Project, Inc.
New Orleans, Louisiana

I have audited the accompanying statements of financial position of New Orleans Computer Access Project, Inc. (a not for profit organization) as of December 31, 2004, and the related statements of activities, functional expenses, and cash flows for the period then ended. These financial statements are the responsibility of New Orleans Computer Access Project, Inc.'s Management. My responsibility is to express an opinion on these financial statements based on my audit.

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. Those standards require that I 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 the management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Orleans Computer Access Project, Inc. as of December 31, 2004, and the changes in its net assets and its cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated June 29, 2005, on my consideration of New Orleans Computer Access Project, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of my audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

Baton Rouge, Louisiana
June 29, 2005
NEW ORLEANS COMPUTER ACCESS PROJECT, INC.
(A NOT FOR PROFIT ORGANIZATION)
NEW ORLEANS, LOUISIANA

STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2004

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT ASSETS</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents $11,158</td>
<td></td>
</tr>
<tr>
<td>Accounts Receivable 600</td>
<td></td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>11,758</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$11,758</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT LIABILITIES</td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses $21,514</td>
<td></td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>21,514</strong></td>
</tr>
<tr>
<td>NET ASSETS - UNRESTRICTED</td>
<td><strong>(9,757)</strong></td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td><strong>$11,758</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this statement.
NEW ORLEANS COMPUTER ACCESS PROJECT, INC.
(A NOT FOR PROFIT ORGANIZATION)
NEW ORLEANS, LOUISIANA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2004

<table>
<thead>
<tr>
<th>SUPPORT AND REVENUE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant from Governor's Office of Urban Affairs and Development</td>
<td>$40,000</td>
</tr>
<tr>
<td>Louisiana Legislature-House Bill 1</td>
<td>10,000</td>
</tr>
<tr>
<td>Grant from Youth Development Association</td>
<td>45,000</td>
</tr>
<tr>
<td>Other Grant Income</td>
<td>23,800</td>
</tr>
<tr>
<td>Donations</td>
<td>53,312</td>
</tr>
<tr>
<td><strong>Total Support and Revenue</strong></td>
<td><strong>$172,112</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
<td></td>
</tr>
<tr>
<td>Urban Affairs</td>
<td>38,976</td>
</tr>
<tr>
<td>Other</td>
<td>137,700</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$176,676</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CHANGE IN NET ASSETS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(4,564)</strong></td>
<td></td>
</tr>
</tbody>
</table>

| Net assets - beginning of period               | ($5,192)  |
| Net assets - end of period                     | ($9,757)  |

The accompanying notes are an integral part of this statement.
### NEW ORLEANS COMPUTER ACCESS PROJECT, INC.  
(A NOT FOR PROFIT ORGANIZATION)  
NEW ORLEANS, LOUISIANA

#### STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2004

<table>
<thead>
<tr>
<th>Total</th>
<th>Urban Affairs</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ADMINISTRATIVE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>40,013</td>
<td>40,013</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>3,061</td>
<td>3,061</td>
</tr>
<tr>
<td>Fundraising Exp</td>
<td>6,999</td>
<td>6,999</td>
</tr>
<tr>
<td>Professional</td>
<td>1,238</td>
<td>441</td>
</tr>
<tr>
<td>Rent</td>
<td>8,400</td>
<td>8,400</td>
</tr>
<tr>
<td>Supplies</td>
<td>759</td>
<td>759</td>
</tr>
<tr>
<td>Telephone</td>
<td>1,093</td>
<td>1,093</td>
</tr>
<tr>
<td>Travel</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>2,642</td>
<td>2,642</td>
</tr>
</tbody>
</table>

| **PROGRAM EXPENSES** | | |
| Contract Labor-Tutors | 11,585 | 8,663 | 2,922 |
| Computers -Redistributed | 53,881 | 53,881 |
| Salaries and wages | 27,750 | 27,750 |
| Payroll taxes | 2,123 | 2,123 |
| Professional Services | 13,791 | 1,872 | 11,919 |
| Office Supplies | 926 | 926 |
| Software for Computers | 2,415 | 2,415 |

| **Total Expenses** | $176,676 | $40,848 | $135,828 |

The accompanying notes are an integral part of this statement.
CASH FLOWS FROM OPERATING ACTIVITIES:

- Decrease in net assets ($4,564)

Adjustments to reconcile increase in net assets to net cash used by operating activities

- (Increase) decrease in operating assets
  - Accounts Receivable (600)
  - (Decrease) increase in operating liabilities
  - Accounts Payable 16,007

Net cash provided by operating activities 10,843

INCREASE IN CASH 10,843

CASH AND CASH EQUIVALENTS - beginning of period $315

CASH AND CASH EQUIVALENTS - end of period $11,158

The accompanying notes are an integral part of this statement.
NEW ORLEANS COMPUTER ACCESS PROJECT, INC.
(A NOT FOR PROFIT ORGANIZATION)
NEW ORLEANS. LOUISIANA

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004

1. Summary of Significant Accounting Policies

a. Operations

New Orleans Computer Access Project, Inc. (NOCAP) seeks to improve student achievement in New Orleans Public Schools via the use of technology. The organization provides free personal computers to qualifying public school students. NOCAP also offers after school tutorial instruction with homework assistance, math and reading enrichment, and development of computer skills for not only children but for senior citizens. NOCAP is dedicated to “bridging the digital divide” by providing computers as well as training to persons who would not otherwise have access to technology. Funds for NOCAP’s activities are provided by the Governor’s Office on Urban Affairs of the State of Louisiana and various grants.

b. Basis of Preparation


c. Revenue Recognition

New Orleans Computer Access Project, Inc. receives substantially revenue from grants provided by private organizations and contract revenue from governmental agencies. Revenue is recognized when services are provided. Expenses are recognized as incurred.

Within the terms of the grants and contracts, any of the funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both as a result of non compliance by New Orleans Computer Access Project, Inc.
d. Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and or nature of any donor restrictions. NOCAP has not received any contributions with donor imposed restrictions that would result in temporarily or permanently restricted net assets.

e. Income Taxes

The Organization is a nonprofit organization that is exempt from federal income taxation under Section 501 (c) (3) of the Internal Revenue Code.

f. Cash and Cash Equivalents

Cash and cash equivalents consist of items having maturities of three months or less from the date of acquisition.

g. Concentrations of Credit Risk

The Organization maintains its cash balances in a financial institution located in New Orleans, Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to $100,000.

2. Management and General Expenses

To coordinate and conduct the many programs, these expenses are necessary and accounted for as though they were part of a foundation or corporate account. Expenses are separated and reported as shown in the Statement of Functional Expenses.
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
New Orleans Computer Access Project, Inc.
New Orleans, Louisiana

I have audited the financial statements of New Orleans Computer Access Project, Inc. (a not-for-profit organization) as of December 31, 2004, and have issued my report thereon dated June 29, 2005. These financial statements are the responsibility of the New Orleans Computer Access Project, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit. 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 New Orleans Computer Access Project, Inc.'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 no instances of noncompliance that are required to be reported under Government Auditing Standards. However, I did note certain immaterial instances of noncompliance, which I have reported in a separate letter to management dated June 29, 2005.

Internal Control over Financial Reporting
In planning and performing my audit, I considered New Orleans Computer Access Project, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses. However, I did note other matters involving the internal control over financial reporting that I reported to NOCAP’s management in a letter dated June 29, 2005.

This report is intended for the information of the audit committee, management, any cognizant agencies, and the Office of the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Desiree W. Honoré, CPA
6655 Van Gogh Avenue, Ste. A
Baton Rouge, Louisiana 70806
Telephone: (225) 924-6432
Fax: (225) 924-6452

Baton Rouge, Louisiana
June 29, 2005
June 29, 2005

To the Management and Board of Directors of NOCAP:

In planning and performing my audit of the financial statements of New Orleans Computer Access Project, Inc. for the year ended December 31, 2004, I considered the Organization’s internal control in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during my examination, I became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect my report date December 31, 2004, on the financial statements of New Orleans Computer Access Project, Inc.

My comments are summarized below:

Compliance with Contractual Requirements of Grantor

While testing the compliance of NOCAP with various requirements of the grantor agencies, it was noted that the Organization did not comply with all of the requirements of the Cooperative Endeavor Agreement entered into with the Office of Urban Affairs. The Organization did not submit monthly expenditure reports in a timely fashion.

The Organization was also required to maintain funds received from this grant in a separate account. The Organization deposited and disbursed all funds from the same bank account used for all other organizational funds. Although other funding sources were used to supplement the activities of the Urban Affairs grant, it is required and recommended that all grant funds be accounted for in a separate bank account.

Bank Reconciliation

Bank reconciliation is an important internal control used by management. Bank statements were not reconciled in a timely fashion. I would recommend that the organization reconcile bank accounts on a monthly basis to assure more accurate and timely financial reporting.

I would like to thank management for support and assistance during this audit.

This report is intended solely for the information and use of the Board of Directors, management, and others within the organization and is not intended to be and should not be used by anyone other than the specified parties.

Desireé W. Honoré, CPA
Baton Rouge, Louisiana
June 29, 2005

Desiree' Honore', CPA
6655 Van Gogh Avenue, Ste. A
Baton Rouge, Louisiana 70806

Financial and Compliance Audit for Year Ending December 31, 2004
Management's Corrective Action to the Management Letter Comments

Dear Ms. Honore',

The Board of Director's and the Management of New Orleans Computer Access Project, Inc. extends sincere gratification to you for completing our audit for the year ended December 31, 2004 in such a professional and timely manner.

The attached letter represents management's corrective action plan in response to the management letter comments issued with the audit report dated June 29, 2005.

Should you have any further questions, please do not hesitate to give me a call at your earliest convenience at (504) 329-8346.

Sincerely yours,

[Signature]

Thierry Warren Laurent
Executive Director
New Orleans Computer Access Project
Financial and Compliance Audit
For the Year ended December 31, 2004
Management’s Corrective Action Plan

Compliance with Contractual Requirements of Grantor

In regards to the monthly expenditure reports, I was misinformed by a new employee in the Office of Urban Affairs of how to handle the monthly reports during the break in funding period. I have since submitted all reports and am presently preparing the Closeout Packet which is due August 15th.

Bank Reconciliation

NOCAP has since opened a new account with Liberty Bank & Trust banking institution solely for the Governor’s Office of Urban Affairs & Development funds. The account reads “NOCAP-GOUAD”. In addition, Management has implemented procedures which require all bank accounts to be reconciled by the 15th day of the following month. We have an experienced bookkeeper that has agreed to donate her time to reconcile our bank accounts on a monthly basis.