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CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

**FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANT**

December 31, 2000

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 7-25-01

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Central City Economic Opportunity Corporation

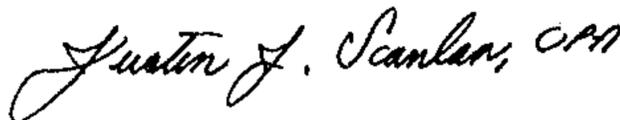
I have audited the accompanying statement of financial position of Central City Economic Opportunity Corporation (a non-profit corporation) as of December 31, 2000 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Central City Economic Opportunity Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit. The prior year summarized comparative information has been derived from the Corporation's 1999 financial statements and, in my report dated June 7, 2000, I expressed an unqualified opinion on these financial statements.

I conducted my audit in accordance with generally accepted auditing standards, 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 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 Central City Economic Opportunity Corporation as of December 31, 2000, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued reports dated June 5, 2001, on my consideration of Central City Economic Opportunity Corporation's internal control structure over financial reporting and my tests of its compliance with laws, regulations, contracts and grants.

My audit was made for the purpose of forming an opinion on the basic financial statements of Central City Economic Opportunity Corporation taken as a whole. The accompanying supplemental information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of Central City Economic Opportunity Corporation. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of Central City Economic Opportunity Corporation. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



New Orleans, Louisiana
June 5, 2001

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

STATEMENT OF FINANCIAL POSITION

December 31, 2000

ASSETS

		<u>MEMORANDUM ONLY</u> <u>December 31, 1999</u>
Cash (Note E)	\$ 60,291	\$ 79,962
Receivables		
Grants (Notes A5 and B)	123,316	65,775
Other	1,811	1,585
Inventory (Note C)	310	591
Land, property and equipment – at cost (Note A4)		
Furniture and equipment	-	21,752
Transportation equipment	<u>77,555</u>	<u>107,312</u>
	77,555	129,064
Less accumulated depreciation	<u><60,376></u>	<u><129,064></u>
	17,179	-
Land	<u>8,000</u>	<u>8,000</u>
	<u>25,179</u>	<u>8,000</u>
Real estate held for resale	15,000	15,000
Undivided interests – real estate (Note D)	-	-
Total assets	<u>\$ 225,907</u>	<u>\$ 170,913</u>

LIABILITIES AND NET ASSETS

Notes payable (Note E)	\$ 49,358	\$ 14,358
Accounts payable and accrued liabilities	54,052	31,071
Accrued vested annual leave benefits	38,922	36,724
Due to funding source	7,899	7,899
Program advance	-	3,690
Commitment (Note G)	-	-
Total liabilities	150,231	93,742
Net assets		
Unrestricted	26,953	43,483
Temporarily restricted	<u>48,723</u>	<u>33,688</u>
Total net assets	<u>75,676</u>	<u>77,171</u>
Total liabilities and net assets	<u>\$ 225,907</u>	<u>\$ 170,913</u>

The accompanying notes are an integral part of this financial statement.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

STATEMENT OF ACTIVITIES

For the year ended December 31, 2000

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL MEMORANDUM ONLY FOR THE YEAR ENDED DECEMBER 31, 2000</u>	<u>FOR THE YEAR ENDED DECEMBER 31, 1999</u>
REVENUES				
Government grants (Note F)	\$ -	\$ 1,163,612	\$ 1,163,612	\$ 1,049,924
Contributions	7,800	-	7,800	32,450
Interest income	812	-	812	1,048
Fund-raising, net of direct costs of \$11,182	3,787	-	3,787	3,556
Other income	3,089	-	3,089	24,246
Net assets released from restrictions	<u>1,148,577</u>	<u><1,148,577></u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>1,164,065</u>	<u>15,035</u>	<u>1,179,100</u>	<u>1,111,224</u>
 EXPENSES				
Salaries	548,676	-	548,676	531,234
Fringe benefits	107,697	-	107,697	102,832
Travel	5,413	-	5,413	4,604
Operating services	89,847	-	89,847	114,052
Supplies	94,513	-	94,513	110,699
Professional services	176,632	-	176,632	139,009
Capital outlay	89,958	-	89,958	36,257
Other costs	<u>67,859</u>	<u>-</u>	<u>67,859</u>	<u>24,290</u>
TOTAL EXPENSES	<u>1,180,595</u>	<u>-</u>	<u>1,180,595</u>	<u>1,062,977</u>
 Increase <decrease> in net assets	 < 16,530 >	 15,035	 < 1,495 >	 48,247
Net assets, beginning of year	<u>43,483</u>	<u>33,688</u>	<u>77,171</u>	<u>28,924</u>
Net assets, end of year	<u>\$ 26,953</u>	<u>\$ 48,723</u>	<u>\$ 75,676</u>	<u>\$ 77,171</u>

The accompanying notes are an integral part of this financial statement.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

STATEMENT OF CASH FLOWS

For the year ended December 31, 2000

Increase <decrease> in cash and cash equivalents		
Cash flows from operating activities:		
Decrease in net assets		\$ <1,495>
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	\$ 3,436	
Changes in assets and liabilities:		
Increase in grants receivable	< 57,541>	
Increase in other receivables	< 226>	
Decrease in inventory	281	
Increase in accounts payable and accrued liabilities	22,981	
Increase in accrued vested annual leave benefits	2,198	
Decrease in program advance	<u>< 3,690></u>	<u>< 32,561></u>
Net cash used in operating activities		<u>< 34,056></u>
Cash flows from financing activities:		
Proceeds from notes payable		<u>35,000</u>
Net cash provided by financing activities		<u>35,000</u>
Cash flows from investing activities:		
Acquisition of transportation equipment		<u>< 20,615></u>
Net cash used in investing activities		<u>< 20,615></u>
Net decrease in cash and cash equivalents		<19,671>
Cash and cash equivalents, beginning of year		<u>79,962</u>
Cash and cash equivalents, end of year		\$ <u>60,291</u>

The accompanying notes are an integral part of this financial statement.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Nature of Activities

Central City Economic Opportunity Corporation was organized to promote and develop economic opportunity to those in need of increased economic opportunity; to promote the education and welfare of the people of the community; and to form special interest groups as it deems necessary to solve special problems of the community.

2. Presentation of Financial Statements

The corporation's financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) as set forth in the Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations," dated June 1993. Accordingly, the net assets of the corporation are reclassified to present the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets. There were no permanently restricted net assets.

Net assets of the restricted class are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

3. Revenue Recognition

For financial reporting, the corporation recognizes all contributed support as income in the period received. Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activity as "net assets released from restrictions".

Grant revenue is recognized as it is earned in accordance with approved contracts.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Land, Property and Equipment

Central City Economic Opportunity Corporation records property acquisitions at cost. Donated assets are recorded at estimated value at date of donation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on the straight-line method. Depreciation expense for the year ended December 31, 2000 totaled \$3,436.

It is the policy of the corporation to capitalize all property, furniture, and equipment with an acquisition cost in excess of \$5,000.

5. Receivables

The corporation considers accounts receivable to be fully collectable since the balance consists principally of payments due under governmental contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made.

6. Cash Equivalents

For purposes of the statement of cash flows, the corporation considers all investments with original maturities of three months or less to be cash equivalents.

7. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

8. Fair Values of Financial Investments

Cash, and cash equivalent amounts reported in the statement of financial position approximate fair values because of the short maturities of those investments.

9. Total Columns of Combined Statements

Total columns are captioned "Memorandum Only" to indicate that they are presented only to assist with financial analysis. Data in these columns do not present financial position, results of operations or changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2000

NOTE B - GRANTS RECEIVABLE

The grants receivable at December 31, 2000 consist of the following:

City of New Orleans	\$ 34,637
State of Louisiana - Office of Addictive Disorders	19,111
Total Community Action	33,139
State of Louisiana - Department of Education	8,735
New Orleans Council on Aging, Inc.	14,049
Governor's Office of Urban Affairs and Development	<u>13,645</u>
	<u>\$ 123,316</u>

NOTE C - INVENTORY

Inventory consists of food purchased in connection with the Child Care Food Program and is accounted for on the first-in, first-out (FIFO) basis.

NOTE D - UNDIVIDED INTERESTS - REAL ESTATE

In 1997, Central City Economic Opportunity Corporation and Central City Housing Development Corporation formed a joint venture to revitalize the Dryades Street Corridor through purchase and development of the Handleman building. The Handleman building was acquired in, December, 1997, as the initial phase of the revitalization. As of December 31, 2000, the financial position of the joint venture is as follows:

Land and Building	\$ 270,000
Note payable - bank, 0% interest, due July, 2001	<u>< 270,000 ></u>
	<u>\$ -</u>

On February 16, 2001, Central City Housing Development Corporation transferred its interests to Central City Economic Opportunity Corporation.

NOTE E - NOTE PAYABLE

The note payable at December 31, 2000 consists of the following:

Note payable to bank, a \$15,000 revolving line of credit, at a 9.5% interest rate. The note is collateralized by a cash account totaling \$15,832.	\$ 14,358
Note payable to bank, short-term borrowing, at a 0% interest rate, due July, 2001. The note is secured by real estate, the Handleman building.	<u>35,000</u>
	<u>\$ 49,358</u>

The interest paid during the year ended December 31, 2000 totaled \$1,444.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2000

NOTE F - SUMMARY OF FUNDING

The Central City Economic Opportunity Corporation funding for grants and contracts consists of the following:

<u>Grants</u>	<u>Period</u>	<u>Revenue Recognized</u>
Central City Day Care Services	1/1/00-12/31/00	\$ 79,822
Senior Citizens Program	1/1/00-6/30/00 7/1/99-12/31/99	42,146 42,146
Head Start Program	1/1/00-12/31/00	383,340
Multi Media Center	1/1/00-6/30/00 7/1/99-12/31/99	85,783 99,082
Food Service Program	10/1/00-9/30/01 10/1/99-9/30/00	14,921 34,687
Audit	-	2,300
Head Start Expansion	1/1/00-12/31/00	63,843
Central City Senior Citizen Services	1/1/00-12/31/00	26,221
Safe Harbor Program	9/20/99-7/30/00	97,047
Public Safety Initiative	9/11/00-6/30/00 9/2/99-6/30/00	4,660 15,795
Teen Pregnancy Prevention	7/1/99-6/30/00	12,173
Louisiana Stadium & Exposition District	7/1/99-6/30/01	146,000
Governor's Office of Urban Affair and Development	7/1/00-6/30/01	<u>13,646</u>
Total grant appropriations		<u>\$ 1,163,612</u>

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2000

NOTE G - COMMITMENT

The rental expense for the corporation totaled \$ 49,222 for the year ended December 31, 2000.

NOTE H - INCOME TAXES

The corporation is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE I - CASH FLOW INFORMATION

Interest paid for the year ended December 31, 2000 totaled \$1,444.

NOTE J - BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

NOTE K - FEDERALLY ASSISTED PROGRAMS

The Corporation participates in a number of federally assisted programs. These programs are audited in accordance with the Single Audit Act Amendments of 1996. Audits of prior years have not resulted in any disallowed costs; however, grantor agencies may provide for further examinations. Based on prior experience, the corporation's management believes that further examinations would not result in any significant disallowed costs.

NOTE L - ECONOMIC DEPENDENCY

The Corporation received the majority of its revenue from funds provided through grants administered by the City of New Orleans, State of Louisiana, Total Community Action, Inc., and New Orleans Council on Aging, Inc. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of the funds the corporation receives could be reduced significantly and have an adverse impact on its operations. At the time of completion of the examination of the corporation's financial statements, management was not aware of any actions taken that would adversely affect the amount of funds the corporation will receive in the next fiscal year.

The corporation is supported primarily through government grants. Approximately 98% of the corporation's support for the year ended December 31, 2000 come from these grants.

SUPPLEMENTAL INFORMATION

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 2000

	<u>MULTI-MEDIA</u>	<u>HEAD START PROGRAM</u>	<u>SENIOR CITIZEN PROGRAM NOCOA</u>	<u>FOOD SERVICES</u>	<u>CAMP HEAD START</u>
REVENUE					
Grant appropriations	\$ 184,865	\$ 383,340	\$ 84,292	\$ 49,608	\$ -
Contributions	-	-	-	-	-
Interest income	-	-	-	53	-
Fund raising, net of direct costs of \$11,182	-	-	-	-	-
Other	-	-	-	-	-
	<u>184,865</u>	<u>383,340</u>	<u>84,292</u>	<u>49,661</u>	<u>-</u>
EXPENSES					
Salaries	99,297	254,535	44,371	17,314	-
Fringe benefits	18,026	61,429	5,273	-	-
Travel	38	4,712	-	-	-
Operating services	34,217	32,874	248	-	-
Supplies	12,586	7,790	7,005	43,908	-
Professional services	6,606	8,027	2,500	586	-
Capital outlay	-	552	-	-	-
Other costs	-	13,421	2,177	236	63
	<u>170,770</u>	<u>383,340</u>	<u>61,574</u>	<u>62,044</u>	<u>63</u>
Increase <decrease> in net assets	14,095	-	22,718	<12,383>	<63>
Acquisition of capital asset	<14,539>	-	-	-	-
Net assets, beginning of year	<u><242></u>	<u>618</u>	<u><7,977></u>	<u>16,718</u>	<u>35</u>
Net assets, end of year	<u>\$ <686></u>	<u>\$ 618</u>	<u>\$ <14,741</u>	<u>\$ 4,335</u>	<u>\$ <28></u>

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 2000

	LOUISIANA STADIUM & EXPOSITION DISTRICT	SAFE HARBOR	TEEN PREGNANCY PREVENTION PROGRAM	GREAT EXPECTATIONS	CENTRAL CITY DAY CARE SERVICES
REVENUE					
Grant appropriations	\$ 146,000	\$ 97,047	\$ 12,173	\$ -	\$ 79,822
Contributions	-	-	-	-	-
Interest income	-	-	-	-	-
Fund raising, net of direct costs of \$11,182	-	-	-	-	-
Other	-	-	-	-	-
	<u>146,000</u>	<u>97,047</u>	<u>12,173</u>	<u>-</u>	<u>79,822</u>
EXPENSES					
Salaries	8,000	10,238	4,421	-	60,866
Fringe benefits	1,750	856	391	-	12,124
Travel	606	-	57	-	-
Operating services	-	750	4,586	-	2,843
Supplies	6,991	12,335	1,654	-	1,190
Professional services	71,964	74,182	1,020	-	2,780
Capital outlay	22,606	-	-	-	-
Other costs	<u>3,441</u>	<u>400</u>	<u>44</u>	<u>-</u>	<u>-</u>
	<u>115,358</u>	<u>98,761</u>	<u>12,173</u>	<u>-</u>	<u>79,803</u>
Increase <decrease> in net assets	30,642	< 1,714 >	-	-	19
Acquisition of capital asset	< 6,076 >	-	-	-	-
Net assets, beginning of year	-	<u>1,404</u>	-	< 274 >	<u>693</u>
Net assets, end of year	<u>\$ 24,566</u>	<u>\$ < 310 ></u>	<u>\$ -</u>	<u>\$ < 274 ></u>	<u>\$ 712</u>

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 2000

	<u>AUDIT</u>	<u>HEAD START EXPANSION</u>	<u>SENIOR CITIZEN SERVICES</u>	<u>PUBLIC SAFETY INITIATIVE</u>
REVENUE				
Grant appropriations	\$ 2,300	\$ 63,843	\$ 26,221	\$ 20,455
Contributions	-	-	-	-
Interest income	-	-	-	-
Fund raising, net of direct costs of \$11,182	-	-	-	-
Other	-	-	-	-
	<u>2,300</u>	<u>63,843</u>	<u>26,221</u>	<u>20,455</u>
EXPENSES				
Salaries	-	-	19,972	13,664
Fringe benefits	-	-	3,893	2,609
Travel	-	-	-	-
Operating services	-	-	2,627	1,468
Supplies	-	214	189	651
Professional services	2,300	-	-	3,380
Capital outlay	-	63,578	-	-
Other costs	-	-	-	1,599
	<u>2,300</u>	<u>63,792</u>	<u>26,681</u>	<u>23,371</u>
Increase <decrease> in net assets	-	51	< 460 >	< 2,916 >
Acquisition of capital asset	-	-	-	-
Net assets, beginning of year	-	-	< 101 >	100
Net assets, end of year	<u>\$ -</u>	<u>\$ 51</u>	<u>\$ < 561 ></u>	<u>\$ < 2,816 ></u>

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 2000

	<u>E.C. ICE CREAM</u>	<u>HANDLEMAN PROJECT</u>	<u>GOVERNOR'S OFFICE OF URBAN AFFAIRS AND DEVELOPMENT</u>	<u>GENERAL</u>	<u>TOTAL</u>
REVENUE					
Grant appropriations	\$ -	\$ -	\$ 13,646	\$ -	\$ 1,163,612
Contributions	-	-	-	7,800	7,800
Interest income	-	-	-	759	812
Fund raising, net of direct costs of \$11,182	-	-	-	3,787	3,787
Other	-	-	-	<u>3,089</u>	<u>3,089</u>
			<u>13,646</u>	<u>15,435</u>	<u>1,179,100</u>
EXPENSES					
Salaries	-	-	12,588	3,410	548,676
Fringe benefits	-	-	1,058	288	107,697
Travel	-	-	-	-	5,413
Operating services	-	10,234	-	-	89,847
Supplies	-	-	-	-	94,513
Professional services	-	2,942	-	345	176,632
Capital outlay	-	-	-	3,222	89,958
Other costs	-	<u>7,400</u>	-	<u>39,078</u>	<u>67,859</u>
		<u>20,576</u>	<u>13,646</u>	<u>46,343</u>	<u>1,180,595</u>
Increase <decrease> in net assets	-	<20,576>	-	<30,908>	<1,495>
Acquisition of capital asset	-	-	-	20,615	-
Net assets, beginning of year	<u>3,700</u>	<u>19,014</u>	<u>-</u>	<u>43,483</u>	<u>77,171</u>
Net assets, end of year	<u>\$ 3,700</u>	<u>\$ <1,562></u>	<u>\$ -</u>	<u>\$ 33,190</u>	<u>\$ 75,676</u>

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2000

<u>PROGRAM</u>	<u>CFDA#</u>	<u>EXPENDITURES</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN RESOURCES		
Passed through Total Community Action, Inc.:		
Head Start Program	93.600	\$ 383,340
Camp Head Start	93.600	35
Head Start Expansion	93.600	63,791
Passed through City of New Orleans:		
Safe Harbor Initiative	93.585	98,451
Passed through State of Louisiana		
Department of Health & Hospitals:		
Alcohol and Drug Abuse	93.959	<u>184,865</u>
		<u>730,482</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
U.S. DEPARTMENT OF AGRICULTURE		
Passed through State of Louisiana		
Department of Education:		
Food Service Program	10.558	<u>62,044</u>
		<u>62,044</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE		
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Passed through City of New Orleans:		
Central City Day Care Services	14.218	79,803
Audit	14.218	2,300
Senior Citizen Services	14.218	26,221
Public Safety Initiative	14.231	20,555
Handleman Building Feasibility Analysis	14.231	<u>19,014</u>
		<u>147,893</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Total Federal Awards		<u>\$ 940,419</u>

Notes to Schedule of Expenditures of Federal Awards

1. The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.
2. The Head Start grant requires non-federal matching funds totaling 20% of the grant. The in-kind contributions totaled \$115,612 for the year ended December 31, 2000. The corporation was in compliance with the matching requirements of the grant.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

**STATEMENT OF EXPENDITURES COMPARED
TO BUDGET – CENTRAL CITY DAY CARE SERVICES**

For the year ended December 31, 2000

	<u>BUDGET</u>	<u>EXPENDITURES</u>	<u>ACTUAL <OVER> UNDER BUDGET</u>
Salaries	\$ 60,869	\$ 60,866	\$ 3
Fringe benefits	12,299	12,124	175
Accounting services	2,780	2,780	-
Rent	2,862	2,843	19
Supplies	<u>1,190</u>	<u>1,190</u>	<u>-</u>
	<u>\$ 80,000</u>	<u>\$ 79,803</u>	<u>\$ 197</u>

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

**STATEMENT OF EXPENDITURES COMPARED
TO BUDGET – SENIOR CITIZEN SERVICES**

For the year ended December 31, 2000

	<u>BUDGET</u>	<u>EXPENDITURES</u>	<u>ACTUAL <OVER> UNDER BUDGET</u>
Salaries	\$ 20,642	\$ 19,972	\$ 670
Fringe benefits	4,169	3,893	276
Rent	2,627	2,627	-
Supplies	<u>189</u>	<u>189</u>	<u>-</u>
	<u>\$ 27,627</u>	<u>\$ 26,681</u>	<u>\$ 946</u>

Justin J. Scanlan, C.P.A.

CERTIFIED PUBLIC ACCOUNTANT
4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122
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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"

Board of Directors
Central City Economic Opportunity Corporation

I have audited the financial statements of Central City Economic Opportunity Corporation, as of and for the year ended December 31, 2000, and have issued my report thereon dated June 5, 2001. I conducted my audit in accordance with generally accepted auditing standards 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 Central City Economic Opportunity Corporation'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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Central City Economic Opportunity Corporation's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Central City Economic Opportunity Corporation's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 2000-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe that none of the reportable conditions described above is a material weakness.

This report is intended for the information and use of the audit committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Justin J. Scanlan, CPA

New Orleans, Louisiana
June 5, 2001

Justin J. Scanlan, C.P.A.

CERTIFIED PUBLIC ACCOUNTANT
4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Central City Economic Opportunity Corporation

Compliance

I have audited the compliance of Central City Economic Opportunity Corporation with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended December 31, 2000. Central City Economic Opportunity 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 Central City Economic Opportunity Corporation's management. My responsibility is to express an opinion on Central City Economic Opportunity Corporation's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; 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 the States, Local Governments, Non-Profit Organizations." Those standards and OMB Circular A-133 require that I 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 Central City Economic Opportunity Corporation's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Central City Economic Opportunity Corporation's compliance with those requirements.

In my opinion, Central City Economic Opportunity Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2000.

Internal Control Over Compliance

The management of Central City Economic Opportunity 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 my audit, I considered Central City Economic Opportunity Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

I noted certain matters involving the internal control over compliance and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgment, could adversely affect Central City Economic Opportunity Corporation's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 2000-1.

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 noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe that none of the reportable conditions described above is a material weakness.

This report is intended for the information of the audit committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Justin J. Scanlan, CPA

New Orleans, Louisiana
June 5, 2001

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2000

A. SUMMARY OF AUDIT RESULTS

1. An unqualified opinion was issued on the financial statements of Central City Economic Opportunity Corporation.
2. A reportable condition disclosed during the audit of the financial statements is reported in the section titled "Findings-Financial Statements Audit". This condition is not reported as a material weakness.
3. No instances of noncompliance material to the financial statements of Central City Economic Opportunity Corporation were disclosed during the audit.
4. A reportable condition disclosed during the audit of the major federal award program is reported in the section titled "Finding and Questioned Costs – Major Federal Award Programs Audit". This condition is not reported as a material weakness.
5. The auditors report on compliance for the major federal award programs for Central City Economic Opportunity Corporation expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for Central City Economic Opportunity Corporation are reported in this Schedule.
7. The programs tested as major programs included:

Head Start Program – CFDA #93.600
Head Start Expansion – CFDA #93.600
Camp Head Start – CFDA #93.600
Central City Day Care Services – CFDA #14.218
Audit – CFDA #14.218
Senior Citizen Services – CFDA #14.218
8. The dollar threshold used to distinguish Type A and Type B programs was \$300,000. A Type B program was classified as Type A to comply with the 50% coverage rule.
9. Central City Economic Opportunity Corporation did not qualify as a low-risk auditee.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended December 31, 2000

B. FINDINGS - FINANCIAL STATEMENTS AUDIT OF REPORTABLE CONDITIONS

2000-1. Intergrant receivables/payable balances.

Condition:

The intergrant receivables/payables were not in agreement at year end.

Criteria:

To assure the accuracy of the financial statements, the intergrant receivables/payables should be reconciled monthly and adjusted accordingly.

Effect:

The accuracy of the financial statements may be compromised.

Recommendation:

To assure the accuracy of the financial statements, the intergrant receivable/payables should be reconciled monthly and adjusted accordingly.

Response:

See Corrective Action Plan.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

ALL PROGRAMS

2000-1. Intergrant receivables/payable balances.

Condition:

The intergrant receivables/payables were not in agreement at year end.

Criteria:

To assure the accuracy of the financial statements, the intergrant receivables/payables should be reconciled monthly and adjusted accordingly.

Effect:

The accuracy of the financial statements may be compromised.

Recommendation:

To assure the accuracy of the financial statements, the intergrant receivable/payables should be reconciled monthly and adjusted accordingly.

Response:

See Corrective Action Plan.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended December 31, 2000

D. STATUS OF PRIOR YEAR AUDIT FINDINGS

	<u>Reportable Conditions</u>	<u>Resolved</u>	<u>Unresolved</u>	<u>Current Findings</u>
1.	Intergrant receivable/payable		X	2000-1



Central City Economic Opportunity Corporation

"Bold Enough to Lead" "Strong Enough to Deliver"

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Rev. Charles J. Southall, III
President

Priscilla Edwards
Executive Director

King S. Wells, Sr.
Deputy Director

CORRECTIVE ACTION PLAN

Intergrant Receivables/Payables

Condition: The intergrant receivables/payables were not in agreement at year-end.

Response: It has been the intent of the Corporation to reconcile intergrant receivables/payables monthly; however, under the current accounting system the intent was not carried out because of the following reasons:

- (1) All accounts are not maintained by the Accounting Firm; the in-house Bookkeeper maintains those programs which lack funding for accounting Services.

Corrective Action Plan:

We are in the process of redesigning the Accounting Systems that will meet the need for reconciliation of intergrant receivables/payables.

"An Equal Opportunity Employer"