



**LAKEVIEW AREA SENIOR ADULT MINISTRY, INC.**

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# Justin J. Scanlan, C.P.A.

CERTIFIED PUBLIC ACCOUNTANT  
4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122  
TELEPHONE: (504) 288-0050

## INDEPENDENT AUDITOR'S REPORT

Board of Directors, Inc.  
Lakeview Area Senior Adult Ministry, Inc.

I have audited the accompanying statements of financial position of Lakeview Area Senior Adult Ministry, Inc. (a nonprofit corporation) as of June 30, 2002, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the 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 2001 financial statements and, in my report dated August 28, 2001, I expressed an unqualified opinion on those financial statements.

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 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 Lakeview Area Senior Adult Ministry, Inc. as of June 30, 2002, and the changes in its net assets and its 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, I have also issued my report dated August 1, 2002 on my consideration of Lakeview Area Senior Adult Ministry, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming an opinion on the basic financial statements of Lakeview Area Senior Adult Ministry, Inc. 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 Lakeview Area Senior Adult Ministry, Inc. Such information has been subjected to the auditing procedures applied in the examination 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.

*Justin J. Scanlan, CPA*

New Orleans, Louisiana  
August 1, 2002

**LAKEVIEW AREA SENIOR ADULT MINISTRY, INC.**

**STATEMENT OF FINANCIAL POSITION**

**June 30, 2002**

**ASSETS**

**TOTAL  
MEMORANDUM ONLY  
June 30, 2001**

Cash	\$ 40,979	\$ 7,337
Certificates of deposit	111,915	131,308
Investment securities (Notes A4 and B)	4,887	3,376
Receivables - Other	1,732	1,608
Unconditional promise to give (Note C)	40,729	40,729
Property and equipment – at cost (Notes A5 and D)	<u>17,689</u>	<u>16,518</u>
Total assets	<u>\$ 217,931</u>	<u>\$ 200,876</u>

**LIABILITIES AND NET ASSETS**

Accounts payable and accrued liabilities	\$ 7,787	\$ 8,269
Commitment (Note E)	<u>-</u>	<u>-</u>
Total liabilities	7,787	8,269
Net assets		
Unrestricted	149,415	151,878
Temporarily restricted	<u>60,729</u>	<u>40,729</u>
Total net assets	<u>210,144</u>	<u>192,607</u>
Total liabilities and net assets	<u>\$ 217,931</u>	<u>\$ 200,876</u>

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

**LAKEVIEW AREA SENIOR ADULT MINISTRY, INC.**

**STATEMENT OF ACTIVITIES**

**For the year ended June 30, 2002**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL MEMORANDUM ONLY FOR THE YEAR ENDED June 30</u>	
			<u>2002</u>	<u>2001</u>
<b>REVENUE</b>				
United Way allocation	\$ -	\$ 40,729	\$ 40,729	\$ 40,729
United Way designations	7,910	-	7,910	9,386
Contributions	47,963	-	47,963	43,447
Special events, net of direct costs of \$2,542	5,567	-	5,567	7,130
Program service fees	23,012	-	23,012	21,919
Government grants	-	85,419	85,419	51,207
Investment income (Note B)	5,875	-	5,875	7,754
Other revenue	593	-	593	1,317
Net assets released from restrictions	<u>106,148</u>	<u>&lt; 106,148 &gt;</u>	<u>-</u>	<u>-</u>
Total revenues	<u>197,068</u>	<u>20,000</u>	<u>217,068</u>	<u>182,889</u>
 <b>EXPENSES</b>				
Program services				
Home services	60,585	-	60,585	67,886
Social development	<u>120,218</u>	<u>-</u>	<u>120,218</u>	<u>107,421</u>
Total program services	<u>180,803</u>	<u>-</u>	<u>180,803</u>	<u>175,307</u>
Supporting Services				
Management and general	<u>18,728</u>	<u>-</u>	<u>18,728</u>	<u>24,694</u>
Total expenses	<u>199,531</u>	<u>-</u>	<u>199,531</u>	<u>200,001</u>
 Increase <decrease> in net assets	 < 2,463 >	 20,000	 17,537	 < 17,112 >
Net assets, beginning of year	<u>151,878</u>	<u>40,729</u>	<u>192,607</u>	<u>209,719</u>
Net assets, end of year	<u>\$ 149,415</u>	<u>\$ 60,729</u>	<u>\$ 210,144</u>	<u>\$ 192,607</u>

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

**LAKEVIEW AREA SENIOR ADULT MINISTRY, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the year ended June 30, 2002**

	<u>HOME SERVICES</u>	<u>SOCIAL DEVELOPMENT</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL MEMORANDUM ONLY</u> For the year ended June 30	
				<u>2002</u>	<u>2001</u>
Compensation expense	\$ 50,916	\$ 85,957	\$ 4,868	\$ 141,741	\$ 146,887
Occupancy	2,605	13,801	3,988	20,394	21,742
Travel	481	3,298	-	3,779	5,331
Other direct program expenses	<u>6,583</u>	<u>9,821</u>	<u>8,926</u>	<u>25,330</u>	<u>20,448</u>
Total expenses before depreciation	60,585	112,877	17,782	191,244	194,408
Depreciation	<u>-</u>	<u>7,341</u>	<u>946</u>	<u>8,287</u>	<u>5,593</u>
	<u>\$ 60,585</u>	<u>\$ 120,218</u>	<u>\$ 18,728</u>	<u>\$ 199,531</u>	<u>\$ 200,001</u>

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

**LAKEVIEW AREA SENIOR ADULT MINISTRY, INC.**

**STATEMENT OF CASH FLOWS**

**For the year ended June 30, 2002**

Increase <decrease> in cash and cash equivalents		
Cash flows from operating activities:		
Increase in net assets		\$ 17,537
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	\$ 8,287	
Investment securities-donated	< 543>	
Unrealized appreciation on investment securities	< 968>	
Changes in assets and liabilities:		
Increase in other receivables	<124>	
Decrease in accounts payable and accrued liabilities	< 482>	<u>6,170</u>
Net cash provided by operating activities		<u>23,707</u>
Cash flows from investing activities:		
Proceeds from certificates of deposit		24,193
Purchase of certificates of deposit		< 4,800>
Acquisition of equipment		< 9,458>
Net cash provided by investing activities		<u>9,935</u>
Net increase in cash and cash equivalents		33,642
Cash and cash equivalents, beginning of year		<u>7,337</u>
Cash and cash equivalents, end of year		<u>\$ 40,979</u>

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

**LAKEVIEW AREA SENIOR ADULT MINISTRY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2002**

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

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

**1. Nature of Activities**

Lakeview Area Senior Adult Ministry, Inc. is a non-profit corporation organized for the purpose of providing Social Development and Home Services to elderly residents of the Lakeview Community of Orleans Parish.

The corporation is supported primarily by the United Way of the Greater New Orleans Area and grants from the State of Louisiana. United Way of the Greater New Orleans Area funding represented approximately 19% and grants from the State of Louisiana represented approximately 39% of funding for the year ended June 30, 2002.

**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". 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.

**LAKEVIEW AREA SENIOR ADULT MINISTRY, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2002**

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

**4. Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses arise from changes in the fair value of the investments, and are included in Investment Income in the Statement of Activities.

**5. Property and equipment**

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 June 30, 2002 totaled \$8,287.

It is the policy of the corporation to capitalize all property, furniture, and equipment with an acquisition cost in excess of \$1,000.

**6. Cash equivalents**

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

**7. Functional allocation of expenses**

The expenses of providing the program and other activities have been summarized on a functional basis in the statement of functional expenses. Certain of those expenses have been allocated among the program and supporting services benefited based on estimates by management of the costs involved.

**8. 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 those estimates.

**9. Fair Values of Financial Investments**

Cash, cash equivalents, and temporary investments carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those investments. The fair values of marketable securities are based on quoted market prices for those of similar investments.

**LAKEVIEW AREA SENIOR ADULT MINISTRY, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2002**

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

**10. Total Columns of Combined Statements – Overview**

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.

**NOTE B - INVESTMENT SECURITIES**

Investment securities at June 30, 2002 consist of the following:

	<u>Donated Value</u>	<u>Fair Market Value</u>
Equity Securities	<u>\$ 4,224</u>	<u>\$ 4,887</u>

The unrealized appreciation for the year ended June 30, 2002 totaled \$968. The cumulative unrealized appreciation as of June 30, 2002 totaled \$663.

The investment income for the year ended June 30, 2002 consists of the following:

Dividend income	\$ 37
Interest income	4,870
Unrealized appreciation on investment securities	<u>968</u>
	<u>\$ 5,875</u>

**NOTE C – UNCONDITIONAL PROMISE TO GIVE**

The unconditional promise to give represents the United Way allocation for the program year July 1, 2002 through June 30, 2003. The United Way allocation totaled \$40,729.

**LAKEVIEW AREA SENIOR ADULT MINISTRY, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2002**

**NOTE D – PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2002 consist of the following:

Office equipment	\$ 41,231
Transportation	<u>22,024</u>
	63,255
Less accumulated depreciation	<u>&lt; 45,566 &gt;</u>
	<u>\$ 17,689</u>

**NOTE E - COMMITMENT**

The corporation leased property located at 6118 Canal Boulevard, New Orleans, Louisiana for use as a program facility and its administrative offices. The rental expense for the year ended June 30, 2002 totaled \$15,600.

**NOTE F – INCOME TAXES**

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

**NOTE G - CASH FLOW INFORMATION**

For the year ended June 30, 2002 the corporation received a donation of investment securities totaling \$543.

**NOTE H – BOARD OF DIRECTOR’S COMPENSATION**

The board of directors is a voluntary board; therefore, no compensation was paid to any board member during the year ended June 30, 2002.

**SUPPLEMENTAL INFORMATION**

**LAKEVIEW AREA SENIOR ADULT MINISTRY, INC.**

**STATEMENT OF ACTIVITIES BY PROGRAM**

**For the year ended June 30, 2002**

	<u>Agency Totals</u>	<u>Management and General</u>	<u>Home Services</u>	<u>Social Development</u>
<b>REVENUE</b>				
Board Generated Self Support	\$ 53,530	\$ 6,534	\$ 7,833	\$ 39,163
Client Generated Self Support	23,012	-	20,692	2,320
Government Grants	85,419	-	25,000	60,419
Other Revenue	<u>6,468</u>	<u>6,468</u>	<u>-</u>	<u>-</u>
Total Self Generated Revenue	<u>168,429</u>	<u>13,002</u>	<u>53,525</u>	<u>101,902</u>
United Way Designations	7,910	7,910	-	-
United Way Allocations	<u>40,729</u>	<u>-</u>	<u>23,680</u>	<u>17,049</u>
Total Revenue	<u>217,068</u>	<u>20,912</u>	<u>77,205</u>	<u>118,951</u>
<b>EXPENSES</b>				
Compensation Expenses	141,741	4,868	50,916	85,957
Occupancy Expenses	20,394	3,988	2,605	13,801
Travel & Transportation	3,779	-	481	3,298
Other Direct Program Expenses	<u>25,330</u>	<u>8,926</u>	<u>6,583</u>	<u>9,821</u>
Total Expenses	<u>191,244</u>	<u>17,782</u>	<u>60,585</u>	<u>112,877</u>
Increase in Net Assets	<u>\$ 25,824</u>	<u>\$ 3,130</u>	<u>\$ 16,620</u>	<u>\$ 6,074</u>
Depreciation	<u>\$ 8,287</u>	<u>\$ 946</u>	<u>\$ -</u>	<u>\$ 7,341</u>

**LAKEVIEW AREA SENIOR ADULT MINISTRY, INC.**

**SCHEDULE OF ACTUAL EXPENDITURES COMPARED TO BUDGET  
STATE SENIOR CENTER PROGRAM**

**For the year ended June 30, 2002**

	<u>Budgeted</u>	<u>Actual</u>	<u>Actual &lt;Over&gt; Under Budget</u>
Salaries	\$ 22,433	\$ 24,428	\$ < 1,995 >
Fringe benefits	6,396	6,396	-
Operating services	20,322	18,484	1,838
Operating supplies	5,573	5,430	143
Other	<u>695</u>	<u>681</u>	<u>14</u>
	<u>\$ 55,419</u>	<u>\$ 55,419</u>	<u>\$ -</u>

**Program Services Summary**

Administration	\$ 26,831
Homemakers	16,492
Transportation	8,590
Other non-priority services	<u>3,506</u>
	<u>\$ 55,419</u>

# Justin J. Scanlan, C.P.A.

CERTIFIED PUBLIC ACCOUNTANT  
4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122  
TELEPHONE: (504) 288-0050

## **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  
Lakeview Area Senior Adult Ministry, Inc.

I have audited the financial statements of Lakeview Area Senior Adult Ministry, Inc. (a non-profit corporation) as of and for the year ended June 30, 2002, and have issued my report thereon dated August 1, 2002. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and 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 Lakeview Area Senior Adult Ministry, 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.

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

In planning and performing my audit, I considered Lakeview Area Senior Adult Ministry, Inc.'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 Lakeview Area Senior Adult Ministry, Inc.'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 2002-1 and 2002-2.

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 none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the audit committee, management, others within the organization and funding sources of the corporation and is not intended to be and should not be used by anyone other than these specified parties.

*Justin J. Scanlon, CPA*

New Orleans, Louisiana  
August 1, 2002

**LAKEVIEW AREA SENIOR ADULT MINISTRY, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the year ended June 30, 2002**

**REPORTABLE CONDITIONS**

**2002-1 Segregation of Duties**

**Condition:** Due to the size of the administrative staff, the organization is too small to effect a meaningful segregation of duties. All authorizations and approval of cash disbursements are performed by the Executive Director and all accounting functions are performed by the corporation's accountant.

**Criteria:** The accounting functions should be performed by a few individuals to assure a proper segregation of duties.

**Effect:** The organization is unable to assure that its assets are properly safeguarded.

**Recommendation:** I recommend the Board of Directors continue its significant involvement in the financial affairs of the corporation through review of monthly financial reports and periodic review of the corporation's day to day financial activities.

**Response:** See Corrective Action Plan.

**2001-2 General Ledger**

**Condition:** The accounting system incorporates its senior center expenditures with those of its United Way programs. The general ledger is designed to satisfy the reporting requirements established by United Way. The general ledger does not segregate senior center expenditures relating to its government grants.

**Criteria:** The general ledger should identify senior center expenditures relating to its government grants.

**Effect:** The accounting systems does not conform to accounting standards established by its funding sources.

**Recommendation:** Recommend the accounting system be revised to segregate government grant expenditures from its other program expenditures. This modification will enable the accounting department to prepare its monthly financial report to its funding source from a complete and accurate general ledger.

**Response:** See Corrective Action Plan.

**QUESTIONED COSTS**

There are no questioned costs for the year ended June 30, 2002.

**LAKEVIEW AREA SENIOR ADULT MINISTRY, INC.**

**STATUS OF PRIOR YEAR AUDIT FINDINGS**

**June 30, 2002**

	<u>Resolved</u>	<u>Unresolved</u>	<u>Current Findings</u>
1. Segregation of duties		X	2002-1
2. General ledger		X	2002-2

# Lakeview Shepherd Center

6118 Canal Boulevard  
New Orleans, LA 70124  
(504) 486-9380

September 13, 2002

Sponsored by:

LAKEVIEW AREA SENIOR  
ADULT MINISTRY, INC.

EXECUTIVE DIRECTOR  
Ida L. Gaughan

BOARD OF DIRECTORS

OFFICERS

Mr. James Maguire, President  
Rev. Shawn Parker, Vice-President  
Mr. Bert Sippola, Secretary  
Mr. Harold S. Dey, Treasurer

GRACE LUTHERAN

Rev. Daniel W. Duke  
Mr. Bill Hoffman  
Mrs. Henrietta Deters

LAKE VISTA UNITED METHODIST

Dr. Norwood Hingle

LAKEVIEW BAPTIST

Rev. Shawn Parker  
Mrs. Martha Hagan  
Mrs. Evelyn Adams

LAKEVIEW PRESBYTERIAN

Rev. Neale Miller  
Mr. Bert Sippola  
Mrs. Joyce Guillot

ST. DOMINIC'S ROMAN CATHOLIC

Rev. Neal McDermott  
Mrs. Mary Alice Isenberg  
Mrs. Roberta Leininger

ST. LUKE'S UNITED METHODIST

Rev. Wes Reagan  
Mrs. Gladys Simpson  
Mrs. Lillian McNamara

ST. PAUL'S EPISCOPAL

Rev. Peggy Walker  
Mrs. Pheobe Fussell  
Mr. Kenneth Prindle

ST. PIUS X ROMAN CATHOLIC

Msgr. Clinton Doskey  
Mr. Warren H. A. Backer, Sr.

SISTERS OF MOUNT CARMEL

Mother Dorothy Guilbault  
St. Francesca Truxillo

AT LARGE MEMBERS

Rev. Richard Randels  
Fr. Ed Conley  
Mrs. Melissa Grevenberg  
Mr. Henry Maher  
Mr. Gary Crowley

EX OFFICIO

Mr. Garic Schoen

Mr. Justin J. Scanlan, CPA  
4769 St. Roch Avenue  
New Orleans, LA 70122

Dear Mr. Scanlan:

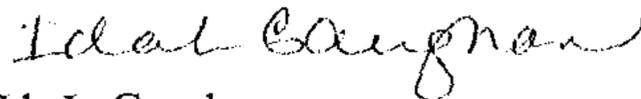
In regard to the reportable conditions you cited in our recent audit for the fiscal year ending June 30, 2002, please be advised of the following:

-The Board of Directors is fully aware of the need for its oversight of the agency's financial affairs due to the small size of agency staff. Specifically, the Treasurer of the Board maintains a vital role in the agency's financial administration.

-Our accounting system will be revised to reflect the recent changes in New Orleans Council on Aging financial regulations regarding their finding. Specifically, we will segregate New Orleans Council on Aging grant expenditures from other program expenditures so that they may be accurately tracked and reported.

Thank you for your assistance. If you have any questions or further recommendations please contact me.

Sincerely,



Ida L. Gaughan

