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A Corporation of Certified Public Accountants
and Management Consultants

TURNING POINTS ACADEMY, INC.

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 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 _____

**TURNING POINTS ACADEMY, INC.
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LUTHER C. SPEIGHT & COMPANY

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INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of
Turning Points Academy, Inc.

We have audited the accompanying statement of financial position of Turning Points Academy, Inc., as of December 31, 2000 and the related statement of activities and its cash flows for the year then ended. These financial statements are the responsibility of Turning Point's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-133, "Audits of Non Profit Organizations". Those standards and OMB Circular A-133 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 Turning Points Academy, Inc. 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, we have also issued a report dated October 31, 2001, on our consideration of Turning Points Academy, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Turning Points Academy, Inc. taken as a whole. The accompanying 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 not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in cursive script, appearing to read "S. M. B. Co.", written in black ink.

New Orleans, Louisiana
October 31, 2001

**TURNING POINTS ACADEMY, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2000**

Current Assets	
Cash	\$ 17,489
Grant Receivable	<u>45,597</u>
Total Current Assets	63,086
Property and Equipment	
Furniture and Equipment	3,048
Accumulated Depreciation	<u>(1,016)</u>
Property and Equipment (Net)	2,032
TOTAL ASSETS	<u>\$ 65,118</u>
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts Payable	39,578
Payroll Liabilities	<u>23,508</u>
Total Liabilities	63,086
Restricted Net Assets - Net Property	2,032
Current Year Change In Net Assets	<u>0</u>
Total Net Assets	<u>2,032</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 65,118</u>

The accompanying notes are an integral part of these financial statements.

**TURNING POINTS ACADEMY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2000**

CONTRIBUTED SUPPORT

CDBG Grant Income	\$ 345,137
WIA Grant Income	53,819
Mayor's Foundation	<u>5,751</u>

TOTAL CONTRIBUTED SUPPORT 404,707

EXPENSES

Salaries	217,451
Payroll Taxes	26,498
Professional Fees	105,719
Stipends	31,599
Clothing	1,739
Drug Screening	216
Education	967
Insurance	1,780
Motor Vehicle - Gasoline	1,063
Office Furniture & Equipment	3,048
Office Supplies	2,782
Printing & Reproduction	3,100
Supplies	6,135
Communications	1,230
Convention & Travel	1,053
Miscellaneous	<u>327</u>

TOTAL EXPENSES \$ 404,707

Current Year Change In Net Assets \$ -

The accompanying notes are an integral part of these financial statements.

**TURNING POINTS ACADEMY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2000**

CASH FLOW FROM OPERATING ACTIVITIES:

Changes in Net Assets	\$	-
RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES:		
CHANGES IN ASSETS AND LIABILITIES:		
INCREASE/(DECREASE) IN CURRENT ASSETS		
Grant Receivable		(45,597)
INCREASE/(DECREASE) IN CURRENT LIABILITIES		
Accounts Payable		39,578
Payroll Liabilities		23,508
Total Adjustments		17,489
Cash Provided (Used) by Operating Activities		17,489
CASH FLOW FROM INVESTING ACTIVITIES:		
Cash Provided (Used) by Investing Activities		0
CASH FLOW FROM FINANCING ACTIVITIES:		
Cash Provided (Used) by Financing Activities		0
Net Increase(Decrease) in Cash		17,489
Cash, Beginning of Year		0
Cash, End of Year	\$	17,489

The accompanying notes are an integral part of these financial statements.

**TURNING POINTS ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

1. BACKGROUND INFORMATION

Turning Points Academy was incorporated in New Orleans, Louisiana on January 14, 1999 to target the youth of the Greater New Orleans Area who are of low to moderate income. After formation of the agency's Board and successful application for grant funds through the City of New Orleans, the agency began in 2000, providing services to these youth including GED preparation and testing, job training, training in basic construction and job placement and/or secondary education.

Through the Workforce Investment Act of 1998 (P.L. 105-220) Turning Points Academy, Inc. has designed a program to operate and manage the Youth One Stop Center in partnership with Covenant House of New Orleans. As a result of this new "One Stop" delivery system, a broad array of resources and services will be available to meet both employer demands for skilled workers and job seeker needs for career-related information, training, and education.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of the Organization are prepared on the accrual basis of accounting. Accordingly, revenue is recorded when earned and expenses are recorded when incurred.

Income Taxes - The Organization has an advance ruling that considers them tax exempt under Section 501(c)(3) of the Internal Revenue Code. However, after December 2003, the end of the advanced ruling period, the agency must provide within ninety days information supporting the fact that they have met applicable support tests in order to have a final determination exemption status.

Cash - Cash is comprised of cash in banks.

Funding - The Organization receives its funding primarily from grants. The Youth One Stop Center is funded by grants from Workforce Investment Act. The core funding for the agency is provided through a Community Development Block Grant from the City of New Orleans.

GRANT RECEIVABLE

Turning Points Academy, Inc. had three grants that were funded on a cost reimbursement basis. At December 31, 2000, certain requested reimbursements associated with these grants remained outstanding. They are detailed below:

WIA	\$ 1,252
CDBG	<u>44,345</u>
Total	\$ <u>45,597</u>

Management does not consider any of the receivables to be uncollectible at December 31, 2000, due to the fact that these are governmental contracts. Therefore, no allowance for doubtful accounts has been provided.

PROPERTY AND EQUIPMENT

Property and Equipment of the agency are recorded as assets and are stated at historical costs. Depreciation is provided using the straight-line method over the useful lives of the assets as appropriate in a range of 3-5 years.

PAYROLL LIABILITIES

The amount represents accumulated unpaid payroll taxes and salaries for the month of December. The agency pays salaries on a monthly basis and makes payroll tax deposits at that time.

SUPPLEMENTARY INFORMATION

TURNING POINTS ACADEMY
 SCHEDULE OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2000

EXPENSE CATEGORY	CDBG	CDBG YONOW DDD	CDBG YONOW	WIA ADMIN.	YOUTH PROGRAM	MAYOR'S FOUNDATION	OPERATING EXPENSES
Salaries	\$ 108,775	\$ 16,383	\$ 44,925	\$ 2,378	\$ 44,990		\$ 217,451
Payroll Taxes	10,119	1,782	4,588	182	4,076	5,751	26,498
Professional Fees	103,219	300	1,000	1,200			105,719
Stipends	31,599						31,599
Clothing	1,739						1,739
Drug Screening	216						216
Education	967		0				967
Insurance	1,174		606				1,780
Motor Vehicle - Gasoline	1,063						1,063
Office Furniture & Equipm	3,048						3,048
Office Supplies	2,687				95		2,782
Printing & Reproduction	3,100						3,100
Supplies	6,071				64		6,135
Communications	495				735		1,230
Convention & Travel	1,053		0				1,053
Miscellaneous	228	0			99		327
TOTAL	\$ 275,553	\$ 18,465	\$ 51,119	\$ 3,760	\$ 50,059	\$ 5,751	\$ 404,707

See the Independent Auditor's Report

SCHEDULE OF FEDERAL AWARDS

TURNING POINTS ACADEMY, INC.
Schedule of Federal Awards
For the Year Ended December 31, 2000

Federal Grantor/ Pass Through Grantor	CFDA Number	Expenses
CDBG/ City of New Orleans	14.228	345,137
WIA-Workforce Investment Act/ City of New Orleans		53,819



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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

To: The Board of Directors of
Turning Points Academy, Inc.

We have audited the financial statements of the Turning Points Academy, Inc. as of December 31, 2000, and for the year then ended, and have issued our report thereon dated October 31, 2001. We conducted our 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 Turning Points Academy, Inc.'s financial statements are free of material misstatement, we performed tests of the Turning Points Academy, Inc.'s 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 our audit and, accordingly, we do not express such an opinion. The results of our 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 our audit, we considered Turning Points Academy, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain immaterial instances of noncompliance that we have reported as Findings # 00-1 and 00-2 in this report.

This report is intended for the information of the Board of Directors and management. However, this report is a matter of public record and its distribution is not limited.


New Orleans, Louisiana
October 31, 2001



LUTHER C. SPEIGHT & COMPANY

A Corporation of Certified Public Accountants
and Management Consultants

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of
Turning Points Academy, Inc.

Compliance

We have audited the compliance of Turning Points Academy Inc. 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. Turning Points Academy's Major federal program is 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 its' major federal program is the responsibility of Turning Points Academy Inc.'s management. Our responsibility is to express an opinion on Turning Points Academy's compliance based on our audit.

We conducted our 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 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 affect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Turning Points Academy'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 Turning Points Academy's compliance with those requirements.

In our opinion, Turning Points Academy, Inc. 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 Turning Points Academy, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Turning Points Academy's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the board of directors, management 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.



Luther C. Speight & Company
October 31, 2001

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

TURNING POINTS ACADEMY, INC.
Schedule of Findings and Questioned Costs
December 31, 2000

00-1 INCOMPLETE POLICIES AND PROCEDURES MANUAL
QUESTIONED COSTS: \$-0-

CONDITION:

During our documentation of the internal control procedures of Turning Points Academy, we noted that the policies and procedures manual for the agency was incomplete. Certain critical procedures ie. bid procedures, purchasing procedures, payroll distribution procedures etc., were explained through the knowledge of the *in-house accountant* who was employed late in the fiscal year. The document made available to the other employees at the agency was incomplete and missing critical information.

CAUSE:

The agency did not complete a policy and procedures manual for training and distribution and/or availability to all employees.

EFFECT OF CONDITION:

An internal control weakness exists due to the absence of a complete policies and procedures manual for all employees to reference.

CRITERIA:

Internal control procedures should be readily available to all employees for reference to prevent misunderstandings and/or actions implemented with the absence of critical information.

RECOMMENDATION:

Turning Points Academy should complete its' policies and procedures manual and train all employees on the procedures required.

**00-2 CURRENT AUDIT NOT COMPLETED TIMELY
QUESTIONED COSTS: \$-0-**

CONDITION:

The state audit law requires that organization's provide CPA's performing work in lieu of the Legislative Auditor with reports, statements, or other documents upon request. Furthermore, R.S. 24:513 requires that Turning Points Academy's audit be completed by June 30, 2001.

CAUSE:

The agency did not procure professional audit services in a timely manner.

EFFECT OF CONDITION:

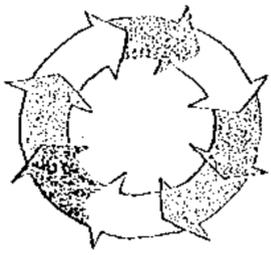
The effect of this condition is that Turning Points Academy is not in compliance with LSA-R.S. 24:513 and could be subject to legal remedies as provided for in LSA-R. S. 24:518.

CRITERIA:

LSA-R.S. 24:513 requires that "all engagements must be completed and transmitted to the legislative auditor within six months of the close of the auditee's fiscal year."

RECOMMENDATION:

Turning Points Academy should remain in compliance with the State law governing audit engagement completion.



*TURNING POINTS
ACADEMY, INC.*

5420 FRANKLIN AVENUE
NEW ORLEANS, LA 70122
(504) 284-2826 off.
(504) 284-2880 fax

November 27, 2001

Daniel Kyle
Legislative Auditor
State of Louisiana
1600 N. Third Street
Baton Rouge, LA 70802

Dear Mr. Kyle:

Pursuant to state law, we are providing the following management correction action plan for the findings noted in the audit report as of and for the year-end December 31, 2000.

00-1 INCOMPLETE POLICIES AND PROCEDURES MANUAL

Turning Points Academy, Inc. (TPA) is currently undergoing reorganization. At this time, the agency is developing a new policies and procedures manual that incorporates the changes taking place within the organization. Once the board of directors reviews and accepts the new manual, management will inform all employees of Turning Points Academy of the newly implemented policies and procedures. TPA anticipates having the manual completed and available by the beginning of the year.

00-2 CURRENT AUDIT NOT COMPLETED TIMELY

Turning Points Academy, Inc. (TPA) is a fairly new organization that is still in the implementation stage. TPA will diligently ensure compliance to all federal, state, and local laws governing our agency.

If you require any additional information, please contact me at (504) 284-2328.

Sincerely,

Thomas Dupaty
Executive Director

**TURNING POINTS ACADEMY, INC.
UPDATE OF PRIOR YEAR FINDINGS
DECEMBER 31, 2000**

This organization is newly formed and this is their first year's audit.