

LOUISIANA COMMUNITY DEVELOPERS, INC.  
Independent Auditor's Report and Financial Statements  
For the Fiscal Year Ended June 30, 2004

Deemer CPA and Consulting Services, LLC

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 2-9-05

**Louisiana Community Developers, Inc.**  
**Table of Contents**

---

	<b>Page</b>
Independent Auditor's Report	1 -2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 -7
Schedule of Functional Expenses	8
Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting Based On an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	9-10
Schedule of Findings and Questioned Costs	11
Status of Prior Year Audit Findings	12
Management Corrective Action Plan	

**Independent Auditor's Report**

**To the Board of Directors of Louisiana Community Developers, Inc.:**

I have audited the accompanying statement of financial position of Louisiana Community Developers, Inc. (a nonprofit organization) as of June 30, 2004, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of Louisiana Community Developers, Inc. 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. 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 Louisiana Community Developers, Inc. as of June 30, 2004, 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 December 27, 2004 on my consideration of Louisiana Community Developers, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contract, and grants. That 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 financial statements of Louisiana Community Developers, Inc. taken as a whole. The schedule of functional expenses is presented on page 8 for purposes of additional analysis and is not a required part of the financial statements of the organization.

Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Jeemer CPA and Consulting Services, LLC*

New Orleans, Louisiana

December 27, 2004

**Louisiana Community Developers, Inc.**  
**Statement of Financial Position**  
**As of June 30, 2004**

**Assets**

Cash	\$ 4,628
Grant Receivable	30,722

**Fixed Assets**

Computers	3,000
Equipment	22,814
Accumulated Depreciation	<u>(9,447)</u>
<b>Total Fixed Assets (Net)</b>	<b>16,367</b>

<b>Total Assets</b>	<b><u>\$ 51,717</u></b>
---------------------	-------------------------

**Liabilities and Net Assets**

Accrued Expenses and Payroll Liabilities	<u>8,047</u>
<b>Total Liabilities</b>	<b>8,047</b>

**Net Assets**

Temporarily Restricted	<u>43,670</u>
<b>Total Net Assets</b>	<b>43,670</b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 51,717</u></b>

The accompanying notes are an integral part of these financial statements

**Louisiana Community Developers, Inc.**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2004**

**Revenues, Gains, and Other Support**

Federal Grant funds	\$ 242,764
<i>Other Income</i>	2,412
<b>Total Revenues, Gains, and Other Support</b>	<b>245,176</b>

**Program Services**

Louisiana Stadium Exposition District	935
Urban Affairs & Development	58,428
TANF	<u>131,935</u>
<b>Total Program Expense</b>	<b>191,296</b>

**Support Services**

<b>General and Administrative</b>	<u>68,920</u>
-----------------------------------	---------------

<b>Total Expenses</b>	<b>258,216</b>
-----------------------	----------------

<b>Change In Net Assets</b>	<u>(13,040)</u>
-----------------------------	-----------------

<b>Net Assets At Beginning Of Year</b>	<u>56,710</u>
--	---------------

<b>Net Assets At End Of Year</b>	<u><u>\$ 43,670</u></u>
----------------------------------	-------------------------

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

**Louisiana Community Developers, Inc.  
Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2004**

**Cash Flows From Operating Activities:**

Changes in Net Assets	\$ (13,040)
Adjustments to Reconcile Net Revenues over Expenditures to Net Cash Provided by Operating Activities	
Depreciation Expense	5,563
Changes in Operating Assets and Liabilities	
Grant Receivable	2,718
Payroll Liabilities	<u>2,105</u>
Net Cash Provided by Operating Activities	(2,654)

**Cash Flows From Investing Activities:**

Purchase/Sale of Fixed Assets	<u>-</u>
Net Cash Provided by Investing Activities	-

**Cash Flows From Financing Activities:**

Net Cash Provided by Financing Activities	-
Net Cash Increase for Period	(2,654)
Cash, At Beginning of Period July 1, 2004	<u>7,282</u>
Cash, At End of Period June 30, 2004	<u><u>\$ 4,628</u></u>

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

**Louisiana Community Developers, Inc.**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2004**

**1. Summary of Significant Accounting Principles**

**General** - Louisiana Community Developers (LCD) is a non-profit agency with a mission to provide students with educational, tutorial, and cultural activities as well as computer readiness. LCD was established in 2001 and serves as a support system to public, private, and parochial schools located throughout New Orleans, LA. The agency is committed to assisting local educational institutions in increasing overall academic performance for the program participants.

Louisiana Community Developers, Inc.'s main source of funding is grants from the Louisiana State Department of Education and the Governor's Office of Urban Affairs and Development.

**Basis of Accounting** - Louisiana Community Developers Inc.'s financial statements are prepared on the accrual basis of accounting, whereby revenue is recorded when earned and expenses are recorded when incurred.

**Property and Equipment** - The straight line method of depreciation is used for the assets owned by Louisiana Community Developers, Inc. The estimated useful lives of these assets range from 3 to 40 years.

**Income Taxes** - Louisiana Community Developers, Inc. has been given an advanced ruling of tax exempt status under Section 501 (c) 3 of the Internal Revenue Code until June 30, 2006.

**Cash** - Cash is comprised of cash on hand and in banks.

**2. Restrictions on Net Assets**

Restrictions placed on net assets are related to the funds received by Louisiana Community Developers, Inc. from federal grant awards. These restrictions are released as grant rules and regulations are met by the organization.

### **3. Property and Equipment**

Property and Equipment consisted of the following at June 30, 2004:

Computers	\$ 3,000
Equipment	<u>22,814</u>
<b>Total</b>	25,814
Less: Accumulated Depreciation	<u>( 9,447)</u>
<b>Total Property and Equipment</b>	<u>\$ 16,367</u>

### **4. Economic Dependency**

Louisiana Community Developers, Inc. is a non profit agency which relies totally upon its ability to generate grant funds from various state and local entities. The agency's ability to continue servicing the community is dependent upon the grant funds received by this organization.

### **5. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

### **6. Grant Receivable**

The grant receivable in the amount of \$ 30,722 as of June 30, 2004, consists of outstanding reimbursement requests made to the State Department of Education related to the TANF grant award.

# SUPPLEMENTAL INFORMATION

**Louisiana Community Developers, Inc.  
Schedule of Functional Expenses  
For the Fiscal Year Ended June 30, 2004**

	Program Services			Support Services		
	Louisiana Stadium, Exposition District	Urban Affairs & Development	TANF	Total Program Svcs.	Management & General	Total Expenses
Payroll Expenses	\$ -	9,078	84,188	\$ 93,266	\$ 51,345	\$ 144,611
Fringe Benefits	-	2,357	11,291	13,648	10,012	23,660
Contractual Services	-	23,700	229	23,929	-	23,929
Accounting & Legal	-	5,000	-	5,000	-	5,000
Telephone	-	214	2,347	2,561	-	2,561
Supplies	-	7,148	7,964	15,112	-	15,112
Insurance	-	2,139	9,507	11,646	-	11,646
Food Supplies	159	-	537	696	-	696
Travel	-	-	3,727	3,727	-	3,727
Depreciation	-	-	-	-	5,563	5,563
Rent Expense	-	4,563	8,630	13,193	-	13,193
Postage	74	14	-	88	-	88
Miscellaneous	702	4,213	3,515	8,430	-	8,430
<b>Total Expenses</b>	<b>\$ 935</b>	<b>\$ 58,426</b>	<b>\$ 131,935</b>	<b>\$ 191,296</b>	<b>\$ 66,920</b>	<b>\$ 258,216</b>

See Independent Auditor's Report.

**Independent Auditor's 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 Louisiana Community Developers, Inc.**

I have audited the financial statements of Louisiana Community Developers, Inc. as of June 30, 2004, and for the year then ended, and have issued my report thereon dated December 27, 2004. 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 Louisiana Community Developers, 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 certain instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as Finding 04-001.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Louisiana Community Developers 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. 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.

This report is intended solely for the information and use of management, others within Louisiana Community Developers, Inc., the State of Louisiana Office of the Legislative Auditor 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.

*Deemer CPA and Consulting Services, LLC*

New Orleans, Louisiana  
December 27, 2004

**Louisiana Community Developers, Inc.  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2004**

**04-001**

**VARIANCE IN BUDGET TO ACTUAL COMPARISON**

**QUESTIONED COSTS:**    \$ 2,139 OOAD  
                                      7,272 TANF  
                                      **\$ 9,411**

**CONDITION:**

A health policy was procured and maintained for the executive director of the agency. The premiums paid totaled \$ 9,411 for the fiscal year ended June 30, 2004. This item was not presented as a line item in the budget for neither TANF nor Governor's Office of Urban Affairs.

**CAUSE:**

Louisiana Community Developers, Inc. did not request a budget revision to include group health insurance.

**EFFECT:**

The actual expenses for group health insurance did not agree with any of the budgeted line items for the agency's grants.

**CRITERIA:**

Budget revisions should be requested for expenditures that are not included in the original budget requests.

**RECOMMENDATION:**

I recommend that LCD, Inc. request budget revisions for expenditures not listed in the original approved budget.

**Louisiana Community Developers, Inc.**  
**Status of Prior Year Findings**  
**For the Fiscal Year Ended June 30, 2004**

<b>Audit Finding</b>	<b>Resolved</b>	<b>Unresolved</b>
03-001 Audit Not Engaged Timely	X	



# Louisiana Community Developers, Inc.

---

6600 Plaza Drive Suite 501  
New Orleans, LA 70127

## **CORRECTIVE ACTION**

December 30, 2004

Office of the Legislative Auditor  
1600 N. Third Street  
Baton Rouge, Louisiana 70802

To Whom It May Concern:

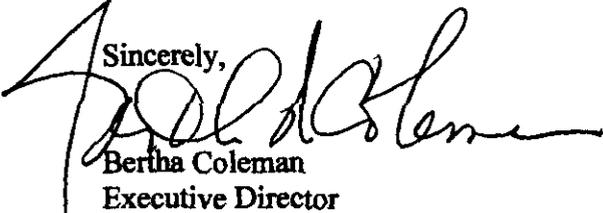
I am writing this letter in response to my agency's June 30, 2004 audit finding, as noted below:

### **Variance In Budget To Actual Comparison**

I concur with the finding reported in this audit. My agency will request approval for budget revisions from our grantor prior to incurring expenses that vary from the original budget. Those approved budget revisions will be maintained on file in our office for review.

Thank you for your attention to this matter. Please contact me if I can provide additional information.

Sincerely,



Bertha Coleman  
Executive Director