

**URBAN DEVELOPMENT ACTION GRANT FUND  
OF THE  
ZULU SOCIAL AID AND PLEASURE CLUB, INC.**

**PROGRAM SPECIFIC FINANCIAL AND COMPLIANCE AUDIT  
TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED MARCH 31, 2011**

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 DEC 05 2012



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Member  
American Institute of  
Certified Public Accountants  
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(Retired)  
Michael B. Bruno, CPA (2011)

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
**Zulu Social Aid and Pleasure Club, Inc.**  
New Orleans, Louisiana

We have audited the accompanying statement of financial position of the **Urban Development Action Grant Fund (the UDAG Fund)** of the Zulu Social Aid and Pleasure Club, Inc. as of March 31, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the **UDAG Fund's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 of America. Those standards 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.

These financial statements present only the activities of the **UDAG Fund** and do not purport to, and does not, present the financial position of the Zulu Social Aid and Pleasure Club, Inc. as of March 31, 2011 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.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Directors  
**Zulu Social Aid and Pleasure Club, Inc.**  
New Orleans, Louisiana  
Page 2

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the **UDAG Fund** of the Zulu Social Aid and Pleasure Club, Inc. as of March 31, 2011 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*, we have also issued our report dated August 10, 2012, on our consideration of the **UDAG Fund** of Zulu Social Aid and Pleasure Club, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* should be considered in assessing the results of our audit.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

August 10, 2012

**URBAN DEVELOPMENT ACTION GRANT FUND  
OF THE  
ZULU SOCIAL AID AND PLEASURE CLUB, INC.  
STATEMENT OF FINANCIAL POSITION  
AS OF MARCH 31, 2011**

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**ASSETS**

Cash (NOTE 2)	<u>\$810,907</u>
Total assets	<u>\$810,907</u>

**LIABILITIES AND NET ASSETS**

**Liabilities:**

Accounts payable - City of New Orleans	\$ 10,907
Interest payable - City of New Orleans	2,194
Due to Zulu Social Aid and Pleasure Club, Inc. (NOTE 7)	31,841
Deferred revenue (NOTE 3)	400,000
Note payable - City of New Orleans (NOTES 4 and 7)	<u>377,263</u>

        Total liabilities 822,205

**Net Assets:**

Unrestricted	<u>(11,298)</u>
Total net assets	<u>(11,298)</u>

        Total liabilities and net assets \$810,907

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

**URBAN DEVELOPMENT ACTION GRANT FUND  
OF THE  
ZULU SOCIAL AID AND PLEASURE CLUB, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2011**

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**EXPENSES**

Management and General:	
Interest expense	\$ <u>11,298</u>
Total management and general	<u>11,298</u>
Total expenses	<u>11,298</u>
Change in net assets	(11,298)
Net assets, beginning of year	<u>-0-</u>
Net assets - end of year	<u>\$(11,298)</u>

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

**URBAN DEVELOPMENT ACTION GRANT FUND  
OF THE  
ZULU SOCIAL AID AND PLEASURE CLUB, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2011**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ (11,298)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in Assets and Liabilities:	
Increase in accounts payable - City of New Orleans	10,907
Increase in interest payable - City of New Orleans	2,194
Increase in due to Zulu Social Aid and Pleasure Club, Inc.	31,841
Increase in deferred revenue	<u>400,000</u>
Net cash provided by operating activities	<u>433,644</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from note payable	400,000
Principal payments on note payable	<u>(22,737)</u>
Net cash provided by financing activities	<u>377,263</u>
Increase in cash.	810,907
Cash, beginning of year	<u>-0-</u>
Cash, end of year	<u>\$810,907</u>
Interest paid	<u>\$ 9,104</u>

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

**URBAN DEVELOPMENT ACTION GRANT FUND  
OF THE  
ZULU SOCIAL AID AND PLEASURE CLUB, INC.  
NOTES TO THE FINANCIAL STATEMENTS**

---

**NOTE 1 - BACKGROUND AND SUMMARY OF  
SIGNIFICANT ACCOUNTING POLICIES:**

Zulu Social Aid and Pleasure Club, Inc.'s (the Club) original Constitution was signed on September 27, 1916. The Club was established as a social club under the laws of the State of Louisiana. The Club was formed for social purposes; to establish between its members ties of friendship and sociability, and to establish between its members esteem for the promotion of good fellowship.

On March 11, 2010, the City Council of the City of New Orleans (CNO) approved an ordinance authorizing the execution of a Cooperative Endeavor Agreement between the Club and the CNO. This agreement was fully executed in April of 2010 for an **Urban Development Action Grant & Loan (UDAG)**, totaling \$800,000 to aid in the construction of a new facility for the Club. The use of the UDAG funds are subject to the terms of the executed agreement.

**The UDAG Fund** of the Club was established to account for the activities of **Urban Development Action Grant** funds received from the City of New Orleans.

**Basis of Presentation**

The financial statements of **the UDAG Fund** of the Club are prepared on the accrual basis of accounting and accordingly, revenue is recorded when earned and expenses are recorded when incurred in accordance with accounting principles generally accepted in the United States of America.

**URBAN DEVELOPMENT ACTION GRANT FUND  
OF THE  
ZULU SOCIAL AID AND PLEASURE CLUB, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 1 - BACKGROUND AND SUMMARY OF  
SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:**

**Basis of Presentation, Continued**

For the year ended March 31, 2011 the **UDAG Fund** of the Club followed the requirements of Financial Accounting Standards Board Accounting Standards (FASB) Codification (ASC) Section 958-205 *Not-for-Profit Entities, Presentation of Financial Statements*, in the presentation of its financial statements. Under ASC Section 958-205, the **UDAG Fund** of the Club is required to report, as applicable, information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets. In addition, the **UDAG Fund** of the Club is required to present a statement of cash flows. As such, the financial statements are presented in accordance with the requirement of ASC Section 958-205 as unrestricted, temporarily restricted and permanently restricted net assets. At March 31, 2011, there were no temporarily restricted and permanently restricted net assets.

**Income Taxes**

The Club is a nonprofit organization exempt from taxation under Section 501(c)(7) of the Internal Revenue Code, and therefore do not include a provision for income taxes on its exempt purpose activities. The Club files an Annual Form 990 Information Return as a tax-exempt organization.

If for some reason the tax exempt status of the Club is challenged in the future, the Club's 2008, 2009, and 2010 tax years are open for examination by the IRS.

URBAN DEVELOPMENT ACTION GRANT FUND  
OF THE  
ZULU SOCIAL AID AND PLEASURE CLUB, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 1 - BACKGROUND AND SUMMARY OF  
SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Cash and Cash Equivalents

For the purpose of presentation in the Statements of Cash Flows, the UDAG Fund of the Club considers all highly liquid investments with maturities of three months or less to be cash equivalents. There were no cash equivalents at March 31, 2011.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CREDIT RISK:

At March 31, 2011, the carrying amount of the UDAG Fund of the Club's deposits was \$810,907 and the cumulative bank balance was \$810,907. The cumulative collected bank balance is covered by federal depository insurance up to \$250,000. Custodial credit risk, is the risk that in the event of a failure by the financial institution, the UDAG Fund of the Club's deposits may not be returned to it. The UDAG Fund of the Club has no deposit policy for custodial credit risk and, as a result, at March 31, 2011 the Club's cumulative bank balance was exposed to a custodial credit risk of \$560,907.

**URBAN DEVELOPMENT ACTION GRANT FUND  
OF THE  
ZULU SOCIAL AID AND PLEASURE CLUB, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 3 - DEFERRED REVENUES:**

At March 31, 2011, the UDAG Fund of the Club has deferred revenues consisting of Urban Development Action Grant funds received in advance from the City of New Orleans.

**NOTE 4 - NOTE PAYABLE:**

A summary of the note payable to the City of New Orleans as of March 31, 2011 is as follows:

A 3.5% note due in one hundred twenty (120) installments of \$3,955, including principal and interest, secured by property of the Zulu Social Aid and Pleasure Club, Inc.	<u>\$377,263</u>
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The note payable will mature May 7, 2020.

Schedule principal payments due on the note subsequent to March 31, 2011 are as follows:

<u>Year Ended March 31,</u>	
2012	\$ 40,729
2013	36,259
2014	37,547
2015	38,883
2016	40,266
Subsequent years	<u>183,579</u>
	<u>\$377,263</u>

**URBAN DEVELOPMENT ACTION GRANT FUND  
OF THE  
ZULU SOCIAL AID AND PLEASURE CLUB, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS:**

The estimated fair value of all significant financial statement amounts have been determined by the **UDAG Fund** of the Club using available market information and appropriate valuation methodologies.

The **UDAG Fund** of the Club considers the carrying amounts of cash, accounts payable, accrued and other liabilities, and note payable to be at fair market.

**NOTE 6 - COMMITMENTS AND CONTINGENCIES:**

The Club is a party to various legal actions normally associated with carnival activities, the aggregate effect of which, in management's and legal counsels' opinion, would not be material to the financial position or changes in net assets of the **UDAG Fund** of the Club. Incidents occurring through March 31, 2011 may result in the assertion of claims.

**NOTE 7 - RELATED PARTY TRANSACTIONS:**

During the year ended March 31, 2011, principal and interest payments totaling \$31,841 were made by the Club on behalf of the **UDAG Fund**. At March 31, 2011 the amount owed to the Club by the **UDAG Fund** is \$31,841.



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(Retired)  
Michael B. Bruno, CPA (2011)

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
**Zulu Social Aid and Pleasure Club**

We have audited the financial statements of the **Urban Development Action Grant Fund (the UDAG Fund)** of the Zulu Social Aid and Pleasure Club, Inc. as of and for the year ended March 31, 2011, and have issued our report thereon dated August 10, 2012. These financial statements present only the activities of the **UDAG Fund** and do not purport to, and does not, present the financial position of the Zulu Social Aid and Pleasure Club as of March 31, 2011 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. We conducted our 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.

**Internal Control Over Financial Reporting**

Management of the **UDAG Fund** of the Zulu Social Aid and Pleasure Club, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the **UDAG Fund** of the Zulu Social Aid and Pleasure Club, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the **UDAG Fund** of the Zulu Social Aid and Pleasure Club, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the **UDAG Fund** of the Zulu Social Aid and Pleasure Club, Inc.'s internal control over financial reporting.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(CONTINUED)**

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the **UDAG Fund** of the Zulu Social Aid and Pleasure Club, Inc.'s internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identify a certain deficiency in internal control over financial reporting, described in the accompanying summary schedule of findings and questioned costs as item 2011-1 that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

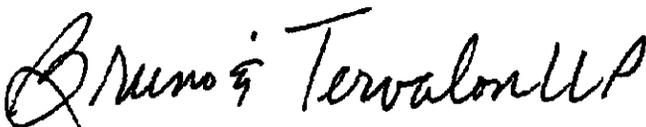
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the **UDAG Fund** of the Zulu Social Aid and Pleasure Club, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying summary schedule of findings and questioned costs as items 2011-02 through 2011-05.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(CONTINUED)**

The UDAG Fund of the Zulu Social Aid and Pleasure Club, Inc.'s response to the findings identified in our audit is described in a separate corrective action plan. We did not audit those responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Directors, management, the Louisiana 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

  
**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

August 10, 2012

**URBAN DEVELOPMENT ACTION GRANT FUND  
OF THE  
ZULU SOCIAL AID AND PLEASURE CLUB, INC.  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED MARCH 31, 2011**

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**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
o Material weakness(es) identified?	No
o Significant deficiency (ies) identified?	Yes
Noncompliance material to financial statements noted?	Yes

***Federal Awards***

Internal control over major programs:	
o Material weakness(es) identified?	N/A
o Significant deficiency(ies) identified?	N/A
Type of auditors' report issued on compliance for major programs:	N/A
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	N/A

**URBAN DEVELOPMENT ACTION GRANT FUND  
OF THE  
ZULU SOCIAL AID AND PLEASURE CLUB, INC.  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2011**

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**Section I - Summary of Auditors' Results, Continued**

*Federal Awards, Continued*

Identification of Major Program:	N/A
Dollar threshold used to distinguish between type A and type B programs:	N/A
Auditee qualified as low-risk auditee.	N/A

**URBAN DEVELOPMENT ACTION GRANT FUND  
OF THE  
ZULU SOCIAL AID AND PLEASURE CLUB, INC.  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2011**

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**Section II - Financial Statement Findings and Questioned Costs**

**Reference Number**

2011-01 - Financial Operations

**Criteria**

Management is required to establish and maintain internal controls designed to reasonably ensure completeness in recorded financial transactions and ensure fiscal compliance for the term of grant agreement.

**Condition**

While UDAG monies received from the City of New Orleans are maintained in a separate bank account and not commingled with other monies, a separate general ledger is not maintained to account for the activities at the UDAG Fund.

Additionally, we noted no procedures and policies in place to ensure the accurate, complete and timely preparation of financial statements and related footnote disclosures in accordance with accounting principles generally accepted in the United States of America.

Based on our discussions and observations, management has initiated a transition towards the development and implementation of formalized written policies and procedures to ensure proper management of the UDAG Fund's financial operations.

**Context**

See financial statements.

**URBAN DEVELOPMENT ACTION GRANT FUND  
OF THE  
ZULU SOCIAL AID AND PLEASURE CLUB, INC.  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2011**

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**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2011-01 - Financial Operations

**Effect or Potential Effort**

Lack of internally prepared financial statements.

**Cause**

The activities of the **UDAG Fund** are not properly accounted for in a separate general ledger to permit the accurate, complete and timely preparation of financial statements.

**Recommendation**

We recommend that management continue to develop for board approval and implementation, an adequate design of internal controls to include policies and procedures for its financial accounting and reporting cycles.

**URBAN DEVELOPMENT ACTION GRANT FUND  
OF THE  
ZULU SOCIAL AID AND PLEASURE CLUB, INC.  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2011**

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**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number**

2011-02 - Quarterly Reports

**Criteria**

Reports shall be submitted quarterly with the first quarter beginning with the commencement of the grant agreement. The financial management system procedures shall be written and included as a part of the first quarter report.

**Condition**

Quarterly reports were not submitted to the City of New Orleans as required by the grant agreement for the year ended March 31, 2011.

**Context**

Reports were due quarterly.

**Effect or Potential Effort**

Management was not in compliance with contractual requirements.

**Cause**

Management was not fully aware of grant contractual requirements.

**Recommendation**

We recommend that quarterly reports be submitted in accordance with contractual requirements.

**URBAN DEVELOPMENT ACTION GRANT FUND  
OF THE  
ZULU SOCIAL AID AND PLEASURE CLUB, INC.  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2011**

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**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number**

2011-03 - Depository Accounts

**Criteria**

If the contractor is a recipient of UDAG funds, separate bank accounts will be maintained for each grant. UDAG funds shall not be co-mingled with other funds or with funds associated with other UDAG grants.

**Condition**

UDAG grant funds were co-mingled with UDAG loan proceeds and maintained in the same bank account.

**Context**

UDAG grant funds of \$400,000 were co-mingled with UDAG loan proceeds of \$400,000 at March 31, 2011.

**Effect or Potential Effort**

Management was not in compliance with contractual requirements.

**Cause**

Management was not fully aware of grant contractual requirements.

**Recommendation**

We recommend that UDAG grant funds and UDAG loan proceeds be maintained in separate bank accounts.

**URBAN DEVELOPMENT ACTION GRANT FUND  
OF THE  
ZULU SOCIAL AID AND PLEASURE CLUB, INC.  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2011**

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**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number**

2011-04 - Use of Grantor Logo

**Criteria**

Pursuant to the grant agreement contractor shall acknowledge UDAG/CITY support by using the City of New Orleans, Louisiana logo on all publications and programs.

**Condition**

The City of New Orleans, Louisiana logo is not being utilized on all publications and programs.

**Context**

UDAG grant funds of \$400,000 and UDAG loan proceeds of \$400,000 were received during the year ended March 31, 2011.

**Effect or Potential Effort**

Management was not in compliance with contractual requirements.

**Cause**

Management was not fully aware of grant contractual requirements.

**Recommendation**

We recommend that the City of New Orleans, Louisiana logo be utilized on all publications and programs.

**URBAN DEVELOPMENT ACTION GRANT FUND  
OF THE  
ZULU SOCIAL AID AND PLEASURE CLUB, INC.  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2011**

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**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number**

2011-05 - Untimely Audit Submission

**Criteria**

Pursuant to Louisiana Audit Law 24:513, financial statements are required to be submitted within six (6) months of year end.

**Condition**

The audited financial statements for the year ended March 31, 2011 were not submitted by the statutory due date.

**Context**

See financial statements.

**Effect or Potential Effect**

Non-compliance with the requirements of Louisiana Audit Law.

**Cause**

The current year's audit delay was caused primarily by the untimely availability of the financial records.

**URBAN DEVELOPMENT ACTION GRANT FUND  
OF THE  
ZULU SOCIAL AID AND PLEASURE CLUB, INC.  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2011**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2011-05 - Untimely Audit Submission

**Recommendation**

We recommend that as management continues to refine its financial processing and reporting functions, greater emphasis should be placed on the financial operating cycle to ensure the timely and accurate financial information reporting.

**URBAN DEVELOPMENT ACTION GRANT FUND  
OF THE  
ZULU SOCIAL AID AND PLEASURE CLUB, INC.  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2011**

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**Section III - Federal Award Findings and Questioned Costs**

Not Applicable

**URBAN DEVELOPMENT ACTION GRANT FUND  
OF THE  
ZULU SOCIAL AID AND PLEASURE CLUB, INC.  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2011**

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**Section IV - Status of Prior Year's Findings and Questioned Costs**

***Section I - Financial Statement Findings***

No matters were reported.

***Section II - Federal Award Findings and Questioned***

Not applicable

***Section III - Management Letter Comments***

No matters were reported.

**URBAN DEVELOPMENT ACTION GRANT FUND  
OF THE  
ZULU SOCIAL AID AND PLEASURE CLUB, INC.**

**EXIT CONFERENCE**

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The audit report was discussed during the course of the audit and at an exit conference held with management. The individuals who participated in those discussions were as follows:

**ZULU SOCIAL AID AND PLEASURE CLUB, INC.**

---

Mr. Naaman C. Stewart	--	President
Mr. Brent Washington, Sr.	--	Chairman of Finance

**BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS**

---

Mr. Joseph A. Akanji, CPA	--	Partner
Mr. Armand E. Pinkney	--	Manager



# ZULU SOCIAL AID & PLEASURE CLUB, INC.

NAAMAN CRAIG STEWART  
PRESIDENT

LARRY A. HAMMOND  
VICE PRESIDENT

JAY H. BANKS  
RECORDING SECRETARY

BRENT D. WASHINGTON, SR.  
CHAIRMAN OF FINANCE

SHEPPARD P. ROUBION, SR.  
FINANCIAL SECRETARY

ANTHONY BARKER, SR.  
TREASURER

ADONIS C. EXPOSE  
PARLIAMENTARIAN

ELVIN GREEN  
SERGEANT-AT-ARMS

GERARD M. JOHNSON  
CHAPLAIN

LANCIE PERKINS, SR.  
ASSISTANT RECORDING SECRETARY

KURT A. SCALES  
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EMERITUS

September 26, 2012

Bruno and Tervalon LLP CPA's  
4298 Elysian Fields Avenue  
New Orleans LA 70122

Dear Sirs:

The following is submitted as Management's Corrective Action Plan to the audit findings contained in the Program Specific Financial and Compliance audit of the Urban Development Action Grant (UDAG) Fund of the Zulu Social Aid and Pleasure Club for the year ended March 31, 2011.

### 2011-01 Financial Operations

#### Recommendation

The auditors recommended that management continue to develop for Board approval and implementation, an adequate design of internal controls to include policies and procedures for its financial accounting and reporting cycles.

#### Planned Corrective Action

Zulu will work with its auditors and finance committee to develop internal controls to include policies and procedures, and present same to its Board for approval.

### 2011-02 Quarterly Reports

#### Recommendation

The auditors recommend that quarterly reports be submitted in accordance with contractual requirements.

#### Planned Corrective Action

Contract to be reviewed and reports submitted as required

2011-03 Depository Accounts

Recommendation

The auditors recommend that UDAG grant funds and UDAG loan proceeds be maintained in separate bank accounts.

Planned Corrective Action

The UDAG grant funds and loan proceeds have been placed in separate accounts.

2011-04 Use of Grantor Logo

The auditors recommend that the Grantor's logo be utilized on all programs and publications.

Planned Corrective Action

Arrange follow up meeting with grantor for additional clarity and determine feasibility of recommendation.

2011-05 Untimely Audit Submission

Recommendation

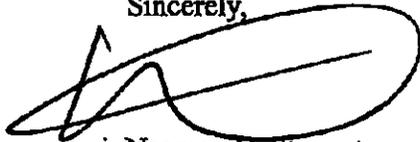
The auditors recommend that as management continues to refine its financial reporting processing and reporting functions, greater emphasis should be placed on the financial operating cycle to ensure timely and accurate financial information reporting.

Planned Corrective Action

Continued efforts will be made to refine the reporting process.

Should there be any further questions, please feel free to contact us.

Sincerely,

A handwritten signature in black ink, appearing to read 'Naaman C. Stewart', written over a large, light-colored oval shape.

Naaman C. Stewart  
President