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**NEW BEGINNINGS --  
COMMUNITY DEVELOPMENT CORPORATION  
PORT ALLEN, LOUISIANA  
ANNUAL FINANCIAL REPORT  
DECEMBER 31, 2009**

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 8/25/10

**NEW BEGINNINGS -- COMMUNITY DEVELOPMENT CORPORATION  
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DECEMBER 31, 2009**

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Board of Directors  
New Beginnings – Community Development Corporation  
Port Allen, Louisiana

## **INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying statement of financial position of New Beginnings – Community Development Corporation (a non-profit organization) as of December 31, 2009, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of New Beginnings – Community Development Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Beginnings – Community Development Corporation as of December 31, 2009, and the changes in its net assets and 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 June 14, 2010, on our consideration of New Beginnings – Community Development Corporation'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

## INDEPENDENT AUDITORS' REPORT, Continued

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Baxley & Associates, LLC*

Plaquemine, Louisiana  
June 14, 2010

**FINANCIAL STATEMENTS**

**NEW BEGINNINGS --  
COMMUNITY DEVELOPMENT CORPORATION  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2009**

<b>ASSETS</b>	
Current Assets	
Cash	\$ 48,466
Petty cash	300
Accounts receivable	<u>37,317</u>
Total Current Assets	<u>86,083</u>
Property and Equipment	
Furniture and fixtures	4,014
Less: Accumulated depreciation	<u>(738)</u>
Total Property and Equipment	<u>3,276</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 89,359</u></b>
<b>LIABILITIES AND NET ASSETS</b>	
Current Liabilities	
Accounts payable	\$ 31,365
Payroll taxes withheld and accrued	8,464
Leases payable	<u>165</u>
Total Current Liabilities	<u>39,994</u>
Net Assets	
Unrestricted	<u>49,365</u>
Total Net Assets	<u>49,365</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 89,359</u></b>

The accompanying notes are an integral part of this statement.

**NEW BEGINNINGS -- COMMUNITY DEVELOPMENT CORPORATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>2009</b>
<b>REVENUE</b>	
U.S. Department of Education grant	\$ 335,020
Louisiana Department of Education grant	181,139
Wilson Foundation grant	30,000
Pennington Foundation grant	50,000
Program service fees	7,130
Individual contributions	559
Corporate support	500
Miscellaneous	3,008
	<b>607,356</b>
<b>EXPENSES</b>	
Salaries	225,610
Payroll taxes	19,568
Fringe benefits	15,773
Bank fees	175
Consulting	81,550
Depreciation	738
Dues and subscriptions	505
Evaluations	15,349
Insurance	5,175
Meals	4,430
Meetings	2,726
Miscellaneous	3,733
Postage	1,299
Printing	5,137
Professional fees	13,297
Rent	10,706
Stipends	17,875
Supplies	34,366
Team leader fees	70,836
Telephone	7,521
Travel	5,471
Transportation	27,895
Utilities	3,593
	<b>573,328</b>
<b>CHANGE IN NET ASSETS</b>	<b>34,028</b>
<b>NET ASSETS, BEGINNING</b>	<b>15,337</b>
<b>NET ASSETS, ENDING</b>	<b>\$ 49,365</b>

The accompanying notes are an integral part of this statement.

**NEW BEGINNINGS -- COMMUNITY DEVELOPMENT CORPORATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Increase in net assets	\$	34,028
Adjustments to reconcile net assets to net cash provided by operating activities:		
Depreciation		738
(Increase) in accounts receivable		(37,317)
(Decrease) in payroll taxes withheld		(1,895)
Increase in accounts payable		31,365
Increase in rent payable		165

<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		<u><b>27,084</b></u>
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**CASH FLOW FROM CAPITAL & RELATED FINANCING ACTIVITIES**

Purchase of capital assets		<u>(4,014)</u>
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<b>NET CASH (USED) BY CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>		<u><b>(4,014)</b></u>
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<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>23,070</b>
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<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<u><b>25,696</b></u>
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<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$</b>	<u><u><b>48,766</b></u></u>
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The accompanying notes are integral part of this statement.

**NEW BEGINNINGS – COMMUNITY DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

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

New Beginnings – Community Development Corporation is a 501(c)3 non-profit organization formed in 2000, and located in Port Allen, Louisiana. The mission of New Beginnings is to cultivate social and economic development in West Baton Rouge Parish. The goal of New Beginnings – Community Development Corporation is to improve the quality of life in the community by providing educational support, life skills training, and enrichment and growth opportunities for youth and their families. New Beginnings – Community Development Corporation's mentoring, summer, and after school programs provide a well-rounded menu of services that is designed to meet the educational, vocational, physical, social, and psychological needs of the whole child. New Beginnings – Community Development Corporation serves West Baton Rouge Parish students from Pre-Kindergarten to 12<sup>th</sup> grade.

**Reporting Entity**

New Beginnings – Community Development Corporation is an independent non-profit organization with its own board of directors, mission, and vision. New Beginnings – Community Development Corporation is not a component unit of another primary government nor does it have any component units which are related to it. Therefore, New Beginnings – Community Development Corporation has presented its financial statements as a separate special-purpose entity.

**Basis of accounting**

The financial statements are prepared on the accrual basis wherein revenues are recognized when earned and expenses are recognized when incurred.

**Property & equipment and depreciation**

Property and equipment is stated at cost, unless donated. Donated property and equipment is stated at fair market value as of the date of the gift. Depreciation is charged to operations using the straight-line method at various rates calculated to extinguish the book value of items over their useful lives. The policy implemented by New Beginnings – Community Development Corporation for the capitalization of property and equipment is to capitalize all items which have a cost greater than \$500.

**Income taxes**

New Beginnings is a nonprofit organization and has been granted tax exempt status under Section 501(c)3 of the Internal Revenue Code.

**NEW BEGINNINGS – COMMUNITY DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS**

**Financial Statement Presentation**

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-For-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows. As permitted by the Statement, the Organization has discontinued its use of fund accounting.

**Contributions**

The Organization has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, New Beginnings – Community Development Corporation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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 B - PROPERTY AND EQUIPMENT**

Property and equipment is scheduled as follows:

	<u>BALANCE</u> <u>1/1/2009</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>12/31/2009</u>
Furniture and fixtures	\$ -	\$ 4,014	\$ -	\$ 4,014
Accumulated depreciation	-	(738)	-	(738)
<b>Total Property and Equipment</b>	<u>\$ -</u>			<u>\$ 3,276</u>

**NEW BEGINNINGS – COMMUNITY DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE C - ACCOUNTS RECEIVABLE**

The accounts receivable for the year ended December 31, 2009 is as follows:

Louisiana Department of Education	\$ 36,917
Employees	<u>400</u>
<b>TOTAL ACCOUNTS RECEIVABLE</b>	<b><u>\$ 37,317</u></b>

**NOTE D – DEPOSITS AND CASH EQUIVALENTS**

At year end, New Beginnings – Community Development Corporation’s carrying amount of deposits was \$48,466 and the bank balance was \$50,262. The entire bank balance was covered by federal depository insurance.

Cash equivalents are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by government or its agent in New Beginnings – Community Development Corporation’s name.
2. Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent in New Beginnings –Community Development Corporation’s name.
3. Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent but not in New Beginnings – Community Development Corporation’s name.

These deposits are stated at cost, which approximated market. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging bank in a custodial bank that is mutually acceptable to both parties.

Even though the pledged securities are considered collateralized (Category 1) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by New Beginnings – Community Development Corporation that the fiscal agent has failed to pay deposited funds upon demand.

**NEW BEGINNINGS – COMMUNITY DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE E – LEASES**

New Beginnings – Community Development Corporation has the following leases as of December 31, 2009:

- Premier Storage – office space, Suite B. The lease term is 12 months with monthly payments of \$345 ending in May 2009 and \$395 ending in May 2010.
- Premier Storage – office space, Suite C. The lease term is 12 months with monthly payments of \$500 ending in February 2010.
- Premier Storage – storage unit. The lease term is 12 months with monthly payments of \$45 ending in April 2010.

**NOTE F – GRANTS**

New Beginnings – Community Development Corporation received funding from various grants through local foundations and federal and state agencies. New Beginnings – Community Development Corporation received the following grants for the year ended December 31, 2009:

	<u>2009</u>
United States Department of Education grants	\$ 335,020
Louisiana Department of Education grants	181,139
Wilson Foundation grant	30,000
Pennington Foundation grant	<u>50,000</u>
Total Grants	<u>\$ 596,159</u>

**SUPPLEMENTARY INFORMATION**

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## **SCHEDULE 1**

Board of Directors  
New Beginnings – Community Development Corporation  
Port Allen, Louisiana

### **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**

We have audited the financial statements New Beginnings – Community Development Corporation (a non-profit organization) as of and for the year ended December 31, 2009, and have issued our report thereon dated June 14, 2010. 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

In planning and performing our audit, we considered New Beginnings - Community Development Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the New Beginnings - Community Development Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the New Beginnings - Community Development Corporation's internal control over financial reporting.

*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 internal control over financial reporting was for the limited purpose described in the first paragraph 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 identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting (2009-1). *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.*

**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**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Beginnings - Community Development Corporation'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

New Beginnings - Community Development Corporation's response to the finding identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit New Beginnings - Community Development Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of the management of the New Beginnings - Community Development Corporation's Office and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

*Baxley & Associates, LLC*

Plaquemine, Louisiana  
June 14, 2010

**NEW BEGINNINGS – COMMUNITY DEVELOPMENT CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2009**

**A. SUMMARY OF AUDIT RESULTS**

*Financial Statements*

Type of auditor's report issued: *unqualified*

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ yes      X   no
- Significant deficiency identified that is not considered to be material weaknesses? \_\_\_\_\_   X   yes    \_\_\_\_\_ no
- Noncompliance material to financial statements noted? \_\_\_\_\_ yes      X   no

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

**2009-1 LACK OF CONTROLS OVER FINANCIAL REPORTING IN ACCORDANCE WITH GAAP**

Condition:

New Beginnings did not fully prepare financial statements in accordance with generally accepted accounting principles (GAAP).

Criteria:

Year-end adjusting journal entries were not made to the financial statements to ensure that the statements were prepared in accordance with generally accepted accounting principles.

Effect:

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the annual financial statements. This condition is intentional by management based upon the financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Recently issued Statement on Auditing Standards (SAS) 112 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with non audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

**NEW BEGINNINGS – COMMUNITY DEVELOPMENT CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2009**

**Recommendation:**

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 112's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 112. In this case we do not believe the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

**Management's Response:**

New Beginnings' management and the governing board understand their responsibility in the preparation of the financial statements, and that having the auditor play a role in the preparation of the financial statements will continue to result in a material weakness in our future audits. At this time, we believe that the benefit of hiring additional staff with expertise in GAAP accounting (like a CPA) does not outweigh the cost and is, therefore, cost-prohibitive to us. New Beginnings, however, remains committed to improving our financial position of our company. As this was our first financial audit, New Beginnings will embrace the lessons learned by reviewing the types of year-end journal entries and accounting principles that the auditor utilized and will make reasonable efforts to improve our accounting practices accordingly.