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District 2 Community Enhancement Corporation
Financial Statements Together with Independent
Auditor's Report
For The Year Ended June 30, 2006

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 8/29/07

DISTRICT 2 COMMUNITY ENHANCEMENT CORPORATION

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CURTIS A. MORET
CERTIFIED PUBLIC ACCOUNTANT

P.O. BOX 531741
NEW ORLEANS, LOUISIANA 70153-1741
OFFICE (504) 246-6446 • FAX (504) 246-0129

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
District 2 Community Enhancement Corporation

I have audited the accompanying statement of financial position of District 2 Community Enhancement Corporation (a nonprofit organization) as of June 30, 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of District 2 Community Enhancement Corporation as of June 30, 2006, 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 June 22, 2007 on my consideration of District 2 Community Enhancement Corporation's internal control over financial reporting and my 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 my 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 my audit.

Curtis A. Moret

New Orleans, Louisiana

June 22, 2007

District 2 Community Enhancement Corporation
Statement of Financial Position
June 30, 2006

ASSETS

Current assets:	
Cash and cash equivalents	\$ 21,892
Accounts receivable	<u>61,614</u>
Total current assets/total assets	<u><u>83,506</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	9,000
Accrued liabilities	<u>2,924</u>
Total current liabilities/total liabilities	11,924

Net assets:	
Unrestricted net assets:	
Operating	<u>71,582</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>83,506</u></u>
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District 2 Community Enhancement Corporation
Statement of Activities
For the Year Ended June 30, 2006

REVENUE:

Grants	\$ 27,531
Interest	<u>374</u>
Total Revenue	<u>27,905</u>

EXPENSES:

Program Services:	
Cultural Enhancement	132,216
Community Awareness	11,976
Youth Services	<u>12,408</u>
Total Program Services	<u>156,600</u>

SUPPORT SERVICES

General & Administrative	<u>15,008</u>
Total Expenses	<u>171,608</u>

Change in Net Assets	(143,703)
Net Assets, beginning of year	<u>215,285</u>
Net Assets, end of year	<u><u>71,582</u></u>

District 2 Community Enhancement Corporation
Statement of Cash Flows
For the Year Ended June 30, 2006

Cash Flows Provided By Operating Activities:

Change in Net Assets	\$ (143,703)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Decrease in accounts payable	(960)
Decrease in accrued liabilities	<u>(4,711)</u>
Net cash used by operating activities	<u>(149,374)</u>
Net decrease in cash and cash equivalents	(149,374)
Cash and cash equivalents, beginning of year	<u>171,266</u>
Cash and cash equivalents, end of year	<u><u>21,892</u></u>

District 2 Community Enhancement Corporation
Notes to Financial Statements
June 30, 2006

Note A - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

District 2 Community Enhancement Corporation (District 2) was incorporated in July 2004 as a mechanism for convening and providing services to the diverse neighborhoods of Senate District 2 which includes New Orleans East and the Lower Ninth Ward, in Orleans Parish, New Orleans, Louisiana. The mission of District 2 is to enhance the quality of life of residents of New Orleans East and the Lower Ninth Ward through advocacy, programming and organized community action.

Basis of Accounting

The financial statements of District 2 have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

District 2 is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements.

District 2 Community Enhancement Corporation
Notes to Financial Statements
June 30, 2006

Note A - Nature of Activities and Summary of Significant Accounting Policies,
continued

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. Fair value approximates carrying amounts.

Revenue

District 2 receives substantially all of its revenue from federal, state and city grants.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note B - Grants Receivable

Grants receivable are deemed to be fully collectible by management and are composed of the following amounts due at June 30, 2006:

State of Louisiana – Governors’ Office of Urban Affairs	\$61,614
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Note C – Economic Dependency

The Corporation’s revenue is derived primarily from funds provided through grants administered by the state of Louisiana. If significant budget cuts are made at the state level, the amount of funds the corporation receives could be reduced significantly and have an adverse impact on its operations. At the time of completion of the examination of the corporation’s financial statements, management was not aware of any actions that would adversely affect the amount of funds the corporation will receive in the next fiscal year.



CURTIS A. MORET
CERTIFIED PUBLIC ACCOUNTANT

P.O. BOX 531741
NEW ORLEANS, LOUISIANA 70153-1741
OFFICE (504) 246-6446 • FAX (504) 246-0129

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 Trustees of
District 2 Community Enhancement Corporation

I have audited the financial statements of District 2 Community Enhancement Corporation (a nonprofit organization) as of and for the year ended June 30, 2006, and have issued my report thereon dated June 22, 2007. 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.

Internal Control over Financial Reporting

In planning and performing my audit, I considered District 2 Community Enhancement Corporation'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 an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether District 2 Community Enhancement Corporation's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, Board of Trustees, the Louisiana Legislative Auditor, 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 Legislative Auditor as a public document.

Centric A. Moret

New Orleans, Louisiana
June 22, 2007



DISTRICT 2 COMMUNITY ENHANCEMENT CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2006

A. SUMMARY OF THE AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of District 2 Community Enhancement Corporation.
2. The statement that reportable conditions in internal control were disclosed by the audit of the financial statements and whether such conditions were material weaknesses is not applicable.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of the auditee.

B. FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statements for the year ended June 30, 2006.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

Not applicable

D. STATUS OF PRIOR YEAR AUDIT FINDINGS

Not applicable