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**TREME' COMMUNITY EDUCATION PROGRAM, INC.
NEW ORLEANS, LOUISIANA**

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

FOR THE YEAR ENDED JUNE 30, 2004

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 4-13-05

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Michael B. Bruno, CPA
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Treme'Community Education Program, Inc.
New Orleans, Louisiana

We have audited the accompanying statement of financial position of **Treme' Community Education Program, Inc. (TCEP)** (a non-profit organization) as of June 30, 2004, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of TCEP'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 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TCEP as of June 30, 2004, and the changes in its net assets, statements of functional expenses and 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
Treme'Community Education Program, Inc.
New Orleans, Louisiana
Page 2

In accordance with *Government Auditing Standards*, we have also issued a report dated December 21, 2004, on our consideration of TCEP's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts 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 our audit. Also, that report contained instances of noncompliance and reportable conditions two of which are considered to be material weaknesses.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

December 21, 2004

TREME' COMMUNITY EDUCATION PROGRAM, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2004

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
ASSETS			
Cash (NOTE 3)	\$ 2,895	\$ -0-	\$ 2,895
Grants receivable, net (NOTE 16)	4,375	-0-	4,375
Prepaid insurance	7,265	-0-	7,265
Property and equipment (NOTES 5 AND 9)	<u>60,171</u>	<u>34,104</u>	<u>94,275</u>
Total assets	<u>\$74,706</u>	<u>\$34,104</u>	<u>\$108,810</u>
 LIABILITIES AND NET ASSETS			
<u>Liabilities</u>			
Amounts payable	\$29,627	\$ -0-	\$ 29,627
Salaries payable and related liabilities	8,360	-0-	8,360
Real estate taxes payable	11,950	-0-	11,950
Line of credit (NOTE 11)	12,452	-0-	12,452
Refundable advances (NOTE 12)	<u>9,762</u>	<u>-0-</u>	<u>9,762</u>
Total liabilities	<u>72,151</u>	<u>-0-</u>	<u>72,151</u>
 Contingencies and Commitments (NOTES 5, 6, 8, 13 and 14)			
<u>Net Assets</u>			
Temporarily restricted	-0-	34,104	34,104
Unrestricted (NOTE 15)	<u>2,555</u>	<u>-0-</u>	<u>2,555</u>
Total net assets	<u>2,555</u>	<u>34,104</u>	<u>36,659</u>
Total liabilities and net assets	<u>\$74,706</u>	<u>\$34,104</u>	<u>\$108,810</u>

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

TREME' COMMUNITY EDUCATION PROGRAM, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<u>Support and Revenue</u>			
Support:			
Governor's Office of Urban Affairs and Development	\$225,000	\$ -0-	\$225,000
New Orleans Council on Aging	63,760	-0-	63,760
Office of Facility Planning and Control	20,172	-0-	20,172
Contributions	4,000	34,104	38,104
Support from other programs	<u>30,234</u>	<u>-0-</u>	<u>30,234</u>
Total support	<u>343,166</u>	<u>34,104</u>	<u>377,270</u>
Revenue:			
Other income	<u>1,930</u>	<u>-0-</u>	<u>1,930</u>
Total revenue	<u>1,930</u>	<u>-0-</u>	<u>1,930</u>
Total support and revenue	<u>345,096</u>	<u>34,104</u>	<u>379,200</u>
<u>Expenses</u>			
Program services	111,464	-0-	111,464
Supporting services	<u>245,801</u>	<u>-0-</u>	<u>245,801</u>
Total expenses	<u>357,265</u>	<u>-0-</u>	<u>357,265</u>
Change in net assets	<u>(12,169)</u>	<u>34,104</u>	<u>21,935</u>
Net assets, beginning of year	54,297	-0-	54,297
Adjustment to net assets beginning of year (NOTE 15)	<u>(39,573)</u>	<u>-0-</u>	<u>(39,573)</u>
Net assets, beginning of year as restated	<u>14,724</u>	<u>-0-</u>	<u>14,724</u>
Net assets, end of year	<u>\$ 2,555</u>	<u>\$34,104</u>	<u>\$ 36,659</u>

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

TREME' COMMUNITY EDUCATION PROGRAM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
Salaries and benefits	\$89,859	\$101,330	\$191,189
Occupancy	3,231	14,720	17,951
Services and professional fees	6,979	32,891	39,870
Travel	400	-0-	400
Office supplies, printing and postage	894	4,697	5,591
Insurance	2,893	7,920	10,813
Gasoline	441	2,006	2,447
Equipment and equipment leases	3,869	28,372	32,241
Repairs and maintenance	582	2,656	3,238
Interest expense	511	2,328	2,839
Dues and subscriptions	20	92	112
Taxes	157	713	870
Licenses and permits		910	910
Telephone	1,425	6,489	7,914
Other	203	10,443	10,646
Support to other programs	<u>-0-</u>	<u>30,234</u>	<u>30,234</u>
Total	<u>\$111,464</u>	<u>\$245,801</u>	<u>\$357,265</u>

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

TREME' COMMUNITY EDUCATION PROGRAM, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2004

Cashflows from Operating Activities:	
Change in net assets	\$ 21,935
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Adjustment to beginning net assets	(39,573)
Decrease in other assets	1,275
Increase in grants receivable, net	(4,375)
Increase in prepaid insurance	(1,644)
Increase in amounts payable	19,915
Decrease capital lease payable	(3,900)
Decrease in salaries payable and related liabilities	(6,133)
Decrease in interfund advances	14,075
Decrease in refundable advances	<u>(26,964)</u>
Cash used in operating activities	<u>(25,389)</u>
Cashflows from Financing and Related Activities:	
Payments on construction related costs	(20,130)
Acquisition of fixed assets	<u>(46,630)</u>
Cash used in financing and related activities	<u>(66,760)</u>
Net decrease in cash	(92,149)
Cash, beginning of year	<u>95,044</u>
Cash, end of year	\$ <u><u>2,895</u></u>
Interest expense paid during the year ended June 30, 2004	\$ <u><u>2,839</u></u>

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

TREME' COMMUNITY EDUCATION PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies:

Background

Treme' Community Education Program, Inc. (TCEP) is a non-profit organization established to provide social services to residents of New Orleans, Louisiana. It was established and incorporated on May 31, 1996, to promote and effectuate the planning and delivery of community services and social service programs within the community. TCEP is organized to mobilize such human and financial resources as may be available to correct the socio-economic deprivations affecting the area and to avail itself to the community. The primary sources of funding are the Governor's Office of Urban Affairs and Development, New Orleans Council on Aging (NOCOA) and the Office of Facility Planning and Control.

TCEP manages two major programs. The first is Harmony House, which is a senior citizen recreation center. The Center provides a variety of essential life support and cultural enrichment services to seniors who reside in parts of the 5th, 6th, 7th and 8th Wards of New Orleans. The second program is Treme Development Center. This program provides after school mentoring services for at-risk youths between the ages of six to sixteen years, who reside or attend school in District 96 of Orleans Parish.

Contributed Services

Contributed services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, and would typically need to be purchased if not provided by donation. Contributed services for the year ended June 30, 2004 was \$-0-.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Property and Equipment

TCEP follows the practice of capitalizing all purchased property and equipment over \$500. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific use.

In the case of explicit restrictions regarding their use and contributions, the donated assets are reported as restricted contributions. Absent of donor restrictions regarding how long those donated assets must be maintained, TCEP reports the expiration when the donated or acquired assets are placed in service as unrestricted by the donor. Depreciation expense is computed using the straight-line method for all depreciable assets over their respective estimated useful lives. In accordance with TCEP's contract with the State, all property and equipment purchased become the property of the State upon completion or termination of its contract. As such, all property and equipment purchased with grant funds from the State are expensed in the year of acquisition.

Income Taxes

TCEP is as a not-for-profit entity exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Principles of Accounting

The financial statements of TCEP are prepared in accordance with accounting principles generally accepted in the United States of America on the accrual basis.

Basis of Presentation

For the year ended June 30, 2004, TCEP followed the requirements of Financial Accounting Standards Board Statement of Financial Accounting Standards (SFAS) No. 117 in the presentation of its financial statements. Under SFAS No. 117, TCEP 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. Unrestricted net assets include funds not subject to donor-imposed stipulations. Revenues received and expenses incurred in conducting the mission of TCEP are included in this category. Temporarily restricted net assets include contributions for which donor-imposed restrictions have not been met. TCEP has determined that any donor imposed restrictions for most of its current or developing programs and activities are generally met within the operating cycle. In addition, TCEP is required to present a statement of cash flows. As such, the accompanying financial statements are presented in accordance with the requirement of SFAS 117.

Contributions

TCEP reports all contributions in accordance with the requirements of SFAS No. 116, "Accounting for Contributions Received and Contributions Made". As such, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of donor restrictions.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Promises to Give

In accordance with SFAS No. 116, TCEP reports contributions as recognized when the donor makes a promise to give to TCEP that is, in substance, unconditional. Contributions that are restricted by the donor are reported as *increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized*. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

TCEP uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on management's analysis of specific promises made. At June 30, 2004, uncollectible allowance was \$-0-.

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, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, support and expenses during the reporting period. Actual results could differ from those estimates.

Cash

For purposes of the Statement of Cash Flows, TCEP considers all investment purchases with a maturity of three months or less to be cash equivalents. At June 30, 2004 TCEP had no cash equivalents.

Interprogram Activities

Interprogram activities have been eliminated in the accompanying Statement of Financial Position at the combined level.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Functional Allocation of Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefitted in the accompanying Statement of Functional Expenses.

NOTE 3 - Cash:

At June 30, 2004, the carrying amount of TCEP's deposits was \$2,895 and the bank balance was \$35,228.

NOTE 4 - Fair Value of Financial Instruments:

The carrying amounts of cash, prepaid insurance, amounts payable, line of credit and other accrued expenses approximate fair value because of the short maturities of these items.

NOTE 5 - Leases:

TCEP leases office space under an operating lease. Office space expense for the year ended June 30, 2004, under this lease was \$12,000. Subsequent to year end, TCEP has renewed its lease for office space to extend through June 30, 2005.

Also, on April 8, 2003, TCEP executed a fifty (50) year lease with the City of New Orleans for a portion of square 289, Lot B for a rent amount of \$2,400 per year payable in advance on the first of each month.

Under the lease agreement, the annual rent shall be increased every five years by fifteen percent (15%) of the prior rental amount.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - Leases, Continued:

Furthermore, TCEP can in lieu of the actual cash payment, affect the yearly rent beginning on June 1, 2002, by documenting the actual expenditure of funds committed by the State of Louisiana through a Cooperative Endeavor Agreement (See NOTE 14). At June 30, 2004 cost incurred amounts to \$26,865 as an offset to the rent amount. (See NOTE 9). TCEP has determined that the necessary offset of the rent amount will be attained through the expenditure of the leasehold improvement activities.

NOTE 6 - Concentration of Credit Risk:

The primary funding sources for TCEP are the Governor's Office of Urban Affairs and Development, the New Orleans Council on Aging and the Office of Facility Planning and Control. If the amount of grant revenues received do not meet budgeted amount levels, TCEP's operating results could be adversely affected.

NOTE 7 - Risk Management:

TCEP is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, for which TCEP carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 8 - Contingencies and Commitments:

TCEP is subject to possible examination by regulatory agencies who determine compliance with laws and regulations governing grants provided to **TCEP**. These examinations may result in required refunds by **TCEP** to the agencies.

Based on correspondence from the Internal Revenue Service dated January 9, 2003, **TCEP** has been assessed proposed penalties in addition to proposed adjustments of wages and federal employment tax pending final resolutions for 1999 through 2001 tax years. At December 21, 2004, we are unable to determine the actual dollar amount of the proposed penalties and interest, if any, or its impact on the accompanying financial statements.

NOTE 9 - Property and Equipment:

At June 30, 2004 property and equipment consisted of the following:

	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2004</u>
Land and land improvements	\$15,115	\$ -0-	\$15,115
Equipment	-0-	46,630	46,630
Construction in progress	1,375	4,290	5,665
Leasehold improvements in progress	<u>11,025</u>	<u>15,840</u>	<u>26,865</u>
Total	<u>\$27,515</u>	<u>\$66,760</u>	<u>\$94,275</u>

NOTE 10 - Related Party Transactions:

TCEP leases its vehicles from an entity whose owner for part of the audit period, was associated with a board member of **TCEP** as a co-worker. The amount of the total lease payments for the fiscal year ended June 30, 2004, was \$26,600.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 11 - Line of Credit:

Note payable to a bank consists of the outstanding balance at June 30, 2004 of \$12,452 on a revolving line-of-credit totaling \$50,000 effective July 20, 2000.

The interest rate on the note is subject to change based on an index which is 2.25% plus the highest Wall Street Journal prime rate if there is more than one rate. Payment terms equal the sum of any fees, late and other charges, past due amounts plus the greater of \$150 or one and one-half percent (1.5%) of the outstanding principal and interest balance. At June 30, 2004 the terms of the line of credit have not changed from inception.

NOTE 12 - Refundable Advances:

TCEP was also awarded a grant from the Governor's Office of Urban Affairs and Development totaling \$225,000 for the period July 1, 2003 through June 30, 2004.

This grants is considered to be an exchange transaction. Accordingly, revenue is recognized when earned and expenses recognized as incurred. Grant activity for this grant for the fiscal year ended June 30, 2004, was as follows:

Refundable advances, beginning of year	\$ 36,726
Adjustment to beginning balance	<u>(26,964)</u>
Refundable advances, as restated	9,762
Cash receipts	225,000
Grant expenses	<u>(225,000)</u>
Refundable advances, end of year	<u>\$ 9,762</u>

TREME' COMMUNITY EDUCATION PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 13 - Subsequent Events:

TCEP has been awarded grants totaling \$486,500 by the Governor's Office of Urban Affairs and Development, Department of Education, and the New Orleans Council on Aging for the fiscal year ending June 30, 2005.

Also, the Governor's Office of Urban Affairs and Development provided additional funds totalling \$53,000 via an amendment to **TCEP's** June 30, 2004 contract and extended the contract termination date to September 30, 2004.

NOTE 14 - Cooperative Endeavor:

On October 23, 2001, and December 11, 2001, **TCEP** executed cooperative agreements with the State of Louisiana (Division of Administration) pursuant to Act 22, of the 2001 regular session of the Louisiana Legislature.

The Act appropriated funding in the amount of two hundred forty thousand dollars (\$240,000) for the "Leverette Senior House, Planning and Construction (Orleans)" project. In addition, the Act appropriated three hundred thousand dollars (\$300,000) and five hundred and fifty thousand dollars (\$550,000) for the "Program Operations, Planning and Construction (Orleans)" project.

Furthermore, the Bond Commission granted a non-cash line of credit for the "Program Operations Planning and Construction (Orleans)" project in the amount of five hundred fifty thousand dollars (\$550,000). The agreement further charged the Office of Facility Planning and Control with the administration of the cooperative agreements.

At June 30, 2004, **TCEP** had drawn down \$8,140 in connection with the Leverette Senior House, Planning and Construction project and \$26,865 in connection with the Program Operation Program.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 15 - Adjustment to Beginning Net Assets:

The adjustment to beginning net assets in the amount of \$39,573 results primarily from the correction of a prior year misstatement of cash transactions, interfund and refundable advances. TCEP in the current year completed its reconciliation of bank accounts, refundable advances and interfund transactions that were not reconciled or had unreconciled differences at June 30, 2003.

NOTE 16 - Grants Receivable, Net:

At June 30, 2004 grants receivable, net consisted of the following:

	<u>DOE</u>	<u>NOCOA</u>	<u>TOTAL</u>
Grants receivable	\$ 19,749	\$4,375	\$ 24,124
Less allowance for doubtful accounts	(19,749)	-0-	(19,749)
Grants receivable, net	\$ <u>-0-</u>	<u>\$4,375</u>	<u>\$ 4,375</u>

Pursuant to a review conducted by DOE, based on requests for reimbursements (January through May, 2003) submitted by TCEP, DOE has disallowed costs totaling \$59,931.69 prior to the effect of reimbursements approved. It is management's assertion that the requests represent valid amounts due to TCEP. TCEP is currently in discussions with the DOE and expects a favorable resolution. At June 30, 2004, the accompanying financial statements do not reflect the effects of adjustment, if any.

NOTE 17 - Per Diem to Board Members:

For the year ended June 30, 2004, the Board of Directors received no compensation in their capacity as directors.

SUPPLEMENTARY INFORMATION



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**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

To the Board of Directors
Treme' Community Education Program, Inc.
New Orleans, Louisiana

Our report on our audit of the financial statements of **Treme' Community Education Program Inc. (TCEP)** appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

The supplementary information (Exhibits, I, II and III) is presented for purposes of additional analysis 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 basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Bruno & Tervalon LLP

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

December 21, 2004

TRERE' COMMUNITY EDUCATION PROGRAM, INC.
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2004

	STATE OF LOUISIANA										STATE OF LOUISIANA-- GOVERNOR'S OFFICE OF URBAN AFFAIRS AND DEVELOPMENT		TOTAL
	GENERAL PROGRAM	GOVERNOR'S OFFICE OF URBAN AFFAIRS AND DEVELOPMENT	DEPARTMENT OF EDUCATION	LEVERETTE HOUSE	OFFICE OF FACILITY PLANNING AND CONTROL	LOUISIANA STADIUM AND EXPOSITION DISTRICT	NEW ORLEANS COUNCIL ON AGING	TEMPORARILY RESTRICTED					
Cash	\$ 53	\$ 1,229	\$ -0-	\$ -0-	\$ 22	\$-0-	\$ 1,591	\$ -0-	\$ -0-	\$ 2,895			
Grants receivable	-0-	-0-	19,749	-0-	-0-	-0-	4,375	-0-	-0-	24,124			
Allowance for doubtful accounts	-0-	-0-	(19,749)	-0-	-0-	-0-	-0-	-0-	-0-	(19,749)			
Interfund receivable	3,104	309,876	37,244	-0-	-0-	5	29,300	-0-	-0-	379,529			
Prepaid insurance	-0-	5,821	-0-	-0-	-0-	-0-	1,444	-0-	-0-	7,265			
Land and land improvement	15,115	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	15,115			
Equipment	4,000	8,526	-0-	-0-	-0-	-0-	-0-	-0-	34,104	46,630			
Construction in progress	-0-	-0-	-0-	5,665	26,865	-0-	-0-	-0-	-0-	-0-			
	\$22,272	\$325,452	\$37,244	\$5,665	\$26,887	\$ 5	\$36,710	\$34,104	\$ -0-	\$488,339			
Total Assets													

ASSETS

See Independent Auditors' Report on Supplementary Information.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2004

	STATE OF LOUISIANA		STATE OF LOUISIANA		STATE OF LOUISIANA		STATE OF LOUISIANA		STATE OF LOUISIANA		STATE OF LOUISIANA	
	GOVERNOR'S OFFICE OF URBAN AFFAIRS AND DEVELOPMENT		OFFICE OF FACILITY PLANNING AND CONTROL		LOUISIANA STADIUM AND EXPOSITION DISTRICT		NEW ORLEANS COUNCIL ON AGING		GOVERNOR'S OFFICE OF URBAN AFFAIRS AND DEVELOPMENT TEMPORARILY RESTRICTED		TOTAL	
	GENERAL PROGRAM	GOVERNOR'S OFFICE OF URBAN AFFAIRS AND DEVELOPMENT	DEPARTMENT OF EDUCATION	LEVERETTE HOUSE	PROGRAM OPERATIONS	LOUISIANA STADIUM AND EXPOSITION DISTRICT	NEW ORLEANS COUNCIL ON AGING	GOVERNOR'S OFFICE OF URBAN AFFAIRS AND DEVELOPMENT TEMPORARILY RESTRICTED	TOTAL			
LIABILITIES AND NET ASSETS (DEFICIT)												
Liabilities:												
Amounts payable	\$ 543	\$ 15,889	\$ 3,483	\$ -0-	\$ -0-	\$ -0-	\$ 9,712	\$ -0-	\$ 29,627			
Salaries payable and related liabilities	-0-	7,976	-0-	-0-	-0-	-0-	384	-0-	8,360			
Real estate taxes payable	11,950	-0-	-0-	-0-	-0-	-0-	-0-	-0-	11,950			
Line of credit	12,452	-0-	-0-	-0-	-0-	-0-	-0-	-0-	12,452			
Refundable advances payable	-0-	9,762	-0-	-0-	-0-	-0-	-0-	-0-	9,762			
Interfund payable	44,684	291,825	16,396	-0-	-0-	10	26,614	-0-	379,529			
Total liabilities	69,629	325,452	19,879	-0-	-0-	10	36,710	-0-	451,680			
Net assets (deficit):												
Unrestricted	(47,357)	-0-	17,365	5,665	26,887	(5)	-0-	34,104	36,659			
Total net assets (deficit)	(47,357)	-0-	17,365	5,665	26,887	(5)	-0-	34,104	36,659			
Total liabilities and net assets (deficit)	\$ 22,272	\$ 325,452	\$ 37,244	\$ 5,665	\$ 26,887	\$ 5	\$ 36,710	\$ 34,104	\$ 488,339			

See Independent Auditors' Report on Supplementary Information.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

	STATE OF LOUISIANA		STATE OF LOUISIANA		STATE OF LOUISIANA		STATE OF LOUISIANA		STATE OF LOUISIANA		STATE OF LOUISIANA		STATE OF LOUISIANA	
	GENERAL PROGRAM	GOVERNOR'S OFFICE OF URBAN AFFAIRS AND DEVELOPMENT	DEPARTMENT OF EDUCATION	LEVERETTE HOUSE	OFFICE OF FACILITY PLANNING AND CONTROL	LOUISIANA STADIUM AND EXPOSITION DISTRICT	NEW ORLEANS COUNCIL ON AGING	GOVERNOR'S OFFICE OF URBAN AFFAIRS AND DEVELOPMENT TEMPORARILY RESTRICTED	TOTAL					
Support and Revenue														
Support:														
Governor's Office of Urban Affairs and Development	\$ -0-	\$225,000	\$-0-	\$ -0-	\$ -0-	\$-0-	\$ -0-	\$ -0-	\$225,000					
New Orleans Council on Aging Contributions and donations	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	63,760					63,760
Office of Facility Planning and Control	4,000	-0-	-0-	-0-	-0-	-0-	-0-	34,104	-0-					38,104
Support from other programs	-0-	-6,684	-0-	4,310	15,862	-0-	-0-	-0-	20,172					20,172
	-0-	-6,684	-0-	-0-	-0-	-0-	-0-	-0-	30,234					30,234
Total support	4,000	231,684	-0-	4,310	15,862	-0-	34,104	34,104	377,270					377,270
Revenue:														
Other income	977	-0-	-0-	150	-0-	-0-	-0-	-0-	1,930					1,930
Total revenue	977	-0-	-0-	150	-0-	-0-	-0-	-0-	1,930					1,930
Total support and revenue	4,977	231,684	-0-	4,460	15,862	-0-	34,104	34,104	379,200					379,200

See Independent Auditors' Report on Supplementary Information.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

	STATE OF LOUISIANA		STATE OF LOUISIANA-- GOVERNOR'S OFFICE OF URBAN AFFAIRS AND DEVELOPMENT TEMPORARILY RESTRICTED					TOTAL
	GENERAL PROGRAM	GOVERNOR'S OFFICE OF URBAN AFFAIRS AND DEVELOPMENT	DEPARTMENT OF EDUCATION	LEVERETTE HOUSE	PROGRAM OPERATIONS	LOUISIANA STADIUM AND EXPOSITION DISTRICT	NEW ORLEANS COUNCIL ON AGING	
Expenses								
Program services	\$ -0-	\$ 84,213	\$ 1,434	\$ -0-	\$ -0-	\$ -0-	\$ 25,817	\$ -0-
Supporting services	<u>33,248</u>	<u>147,471</u>	<u>-0-</u>	<u>1,061</u>	<u>-1,725</u>	<u>-0-</u>	<u>62,296</u>	<u>-0-</u>
Total expenses	<u>33,248</u>	<u>231,684</u>	<u>1,434</u>	<u>1,061</u>	<u>-1,725</u>	<u>-0-</u>	<u>88,113</u>	<u>-0-</u>
Change in net assets	<u>(28,271)</u>	<u>-0-</u>	<u>(1,434)</u>	<u>3,399</u>	<u>14,137</u>	<u>-0-</u>	<u>-0-</u>	<u>34,104</u>
Net assets (deficit), beginning of year	<u>(22,190)</u>	<u>-0-</u>	<u>50,076</u>	<u>2,266</u>	<u>12,750</u>	<u>(5)</u>	<u>11,400</u>	<u>-0-</u>
Adjustment to beginning net assets (deficit)	<u>3,104</u>	<u>-0-</u>	<u>(31,277)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(11,400)</u>	<u>-0-</u>
Net assets (deficit), beginning of year, as restated	<u>(19,086)</u>	<u>-0-</u>	<u>18,799</u>	<u>2,266</u>	<u>12,750</u>	<u>(5)</u>	<u>-0-</u>	<u>-0-</u>
Net assets (deficit), end of year	<u>\$(47,357)</u>	<u>\$ -0-</u>	<u>\$ 17,365</u>	<u>\$ 5,665</u>	<u>\$ 26,887</u>	<u>\$(5)</u>	<u>\$ -0-</u>	<u>\$ 34,104</u>

See Independent Auditors' Report on Supplementary Information.

TREME COMMUNITY EDUCATION PROGRAM, INC.
 COMBINING STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED JUNE 30, 2004

STATE OF LOUISIANA

	GOVERNOR'S OFFICE OF URBAN AFFAIRS AND DEVELOPMENT		DEPARTMENT OF EDUCATION		OFFICE OF FACILITY PLANNING AND CONTROL		LOUISIANA STADIUM AND EXPOSITION DISTRICT		NEW ORLEANS COUNCIL ON AGING		TOTAL	
	PROGRAM SERVICES	SUPPORTING SERVICES	PROGRAM SERVICES	SUPPORTING SERVICES	PROGRAM OPERATIONS	PROGRAM SERVICES	SUPPORTING SERVICES	PROGRAM SERVICES	SUPPORTING SERVICES	PROGRAM SERVICES		SUPPORTING SERVICES
Salaries and benefits	0	72,205	0	81,421	0	0	0	0	17,858	19,909	89,859	101,330
Occupancy	0	1,571	0	7,157	0	0	0	0	1,860	7,563	3,231	14,720
Services and professional fees	0	3,649	0	17,534	0	0	0	0	3,130	14,257	6,978	32,891
Travel	0	400	0	0	0	0	0	0	0	0	400	0
Office supplies, printing and postage	0	395	0	2,073	0	0	0	0	489	2,824	884	4,897
Insurance	0	289	0	1,221	0	0	0	0	1,180	5,424	2,893	7,920
Gasoline	0	229	0	1,042	0	0	0	0	212	864	441	2,008
Equipment and equipment lease	0	3,595	0	26,381	0	0	0	0	274	2,011	3,888	28,372
Repairs and maintenance	0	182	0	831	0	0	0	0	400	1,825	582	2,856
Dues and subscriptions	0	20	0	92	0	0	0	0	0	0	20	92
Telephone	0	683	0	3,110	0	0	0	0	742	3,378	1,425	6,489
Interest expense	0	511	0	2,328	0	0	0	0	0	0	511	2,328
Taxes	0	157	0	713	0	0	0	0	0	0	157	713
Licenses and permits	0	0	0	0	0	0	0	0	0	0	0	910
Support to other programs	0	30,234	0	0	0	0	0	0	0	0	0	30,234
Other	0	839	0	3,588	0	151	0	0	54	4,340	203	10,443
Total	0	84,213	0	147,471	0	1,061	0	0	25,817	82,298	111,484	245,801

See Independent Auditors' Report on Supplementary Information.



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INDEPENDENT AUDITORS' 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
Treme' Community Education Program, Inc.
New Orleans, Louisiana

We have audited the financial statements of **Treme' Community Education Program, Inc. (TCEP)** as of and for the year ended June 30, 2004, and have issued our report thereon dated December 21, 2004. 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 of America.

Compliance

As part of obtaining reasonable assurance about whether TCEP's financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance 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 2004-01 and 2004-05.

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

(CONTINUED)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered TCEP'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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect TCEP's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2004-01 through 2004-04.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that items 2004-01 and 2004-04 are material weaknesses.

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

This report is intended solely for the information and use of the Board of Directors, management, the Legislative Auditor for the State of Louisiana, the Governor's Office of Urban Affairs and Development, the New Orleans Council on Aging, and the Office of Facility Planning and Control and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

December 21, 2004

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004

We have audited the financial statements of **Treme' Community Education Program, Inc. (TCEP)** as of and for the year ended June 30, 2004, and have issued our report thereon dated December 21, 2004. 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 of America.

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: **Unqualified**

Internal control over financial reporting:

- *Material weakness(es) identified?* **Yes**
- *Reportable condition (s) identified that are not considered to be material weaknesses?* **Yes**

Noncompliance material to financial statements noted? **No**

Federal Awards

Internal control over major programs:

- *Material weakness(es) identified?* **N/A***
- *Reportable condition(s) identified that are not considered to be material weaknesses?* **N/A***

*Not Applicable

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section I - Summary of Auditors' Results, Continued

Type of auditor's 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*
Identification of major programs:	N/A*
Dollar threshold used to distinguish between type A and type B programs	N/A*
Auditee qualified as low-risk auditee?	N/A*

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section II - Financial Statement Findings and Questioned Costs

Reference Number

2004-01

Criteria

Management of TCEP is responsible for the maintenance of an effective internal control.

Condition

Our review of selected June 30, 2004 general ledger account balances revealed the following conditions:

- Prior period audit adjustments for the Office of Urban Affairs and Development Program had not been posted to the accounting records;
- Interfund activities reflected and an out of balance condition in the amount of \$26,964 at June 30, 2004 before the effect of audit adjustments;
- No established procedure to require the timely and periodic reconciliation of subsidiary ledger balances to their respective control account balances;
- Nine (9) "ATM" transactions and a check disbursement where invoices or supporting documentation to substantiate disbursements were not available for our review; and
- No analysis performed on general ledger account balances such as other payables, refundable advances, etc. to ascertain the validity in recorded amounts.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2004-01

Questioned Costs

\$479.42

Effect

The described conditions affect TCEP's ability to prepare and submit complete and accurate financial statements.

Cause

Inadequate system in place to ensure the completeness of recorded transactions to include the periodic reconciliation process, size and experience of personnel coupled with the lack of adequate board oversight.

Recommendation

We recommend that management through supervisory review ensure that all significant accounts are reconciled to the respective general ledger accounts on a timely basis with all out-of-balance conditions resolved immediately. Also, all disbursements should be properly supported by the appropriate invoices etc.

Management's Response

It is management's intent to review and post all current year's audit adjustments in order to properly state its financial statements.

Additionally, management has implemented the necessary procedures to ensure the timely reconciliation of significant subsidiary ledgers by March 31, 2005.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2004-02

Criteria

It is the responsibility of the board and management to undertake the necessary steps to reduce TCEP's risk from various losses through the maintenance of insurance coverage.

Condition

At June 30, 2004, TCEP had no bonding insurance coverage for employees with access to cash.

Questioned Costs

None.

Effect

Potential loss that may result from the misappropriation of funds by employees with access to cash.

Cause

Lack of an established priority for the procurement of bonding insurance.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2004-02

Recommendation

We recommend that TCEP secure bonding insurance coverage.

Management's Response

It is management's understanding that its funding source does not require bonding insurance coverage based on the cost to maintain such a coverage.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2004-03

Criteria

The management of TCEP is responsible for establishing and maintaining an effective internal control.

Condition

Continued lack of segregation of custodial and recordation functions or enhanced management oversight of all financial activities in instances where segregation of the custodial and recordation functions is not practical due to the size of TCEP's staff.

Questioned Costs

None.

Effect

A weakened internal control system which increases the potential for misappropriation of assets and/or risk for errors.

Cause

Size and personnel turnover.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2004-03

Recommendation

Management should continue to participate in all key internal control activities to include greater Board oversight.

Management's Response

Management concurs.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2004-04

Criteria

Federal and State regulations require the timely and accurate filing of quarterly tax returns.

Condition

Our review of the IRS Form 941 (Employers Quarterly Federal Tax Return) filed by TCEP for the year ended June 2004 revealed that the cumulative total wages as reflected on IRS Form 941 for the fiscal year ended June 30, 2004 was \$166,535 as compared to the general ledger line item amount for payroll of \$191,189. Based on further review and discussion with management, we noted the inclusion of worker's compensation cost and TCEP's share of Social Security and Medicare cost and State Unemployment taxes in the payroll line item.

Furthermore, we noted that gross wages as reported on IRS Form 941 for the quarter ended September 30, 2003 was \$59,677.38 to the amount reported as the taxable medicare wages of \$60,716.88. Management was unable to explain the difference. At June 30, 2004, TCEP has no deferred compensation plan.

Questioned Costs

None.

Effect

Inaccurate reporting of financial transactions coupled with the potential exposure to resulting penalties and interest assessment.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2004-04

Cause

Lack of an established system to ensure the accurate processing and review of financial transactions to include the resulting reports.

Recommendation

Management should implement a procedure to ensure that all required returns and/or reports are properly reconciled to the general ledger prior to submission. Also, non-payroll costs such as worker's compensation expense etc. should not be classified as payroll expense.

Management's Response

Management is currently evaluating its financial processing and reporting system with an aim towards the implementation of an accurate and adequate financial processing and reporting system. Expected completion date is April 2005.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2004-05

Criteria

Pursuant to Louisiana Revised Statute (LSA-RS) 24:513, all engagements are required to be submitted to the Legislative Auditor within six (6) months of close of the entity's fiscal year end.

Condition

The June 30, 2004 audited financial statements for TCEP were not submitted within the timeframe dictated by LSA-RS 24:513.

Questioned Costs

None.

Effect

Noncompliance with the report submission requirements of LSA-RS 24:513.

Cause

The level of staff turnover during the year ended June 30, 2004.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2004-05

Recommendation

Management should continue to work towards ensuring the timely submission of all reports.

Management's Response

Management has hired a new accountant (effective July 2004) and anticipates resolution for the next report submission date.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section III - Federal Award Findings and Questioned Costs

No federal award findings and questioned costs were reported as **TCEP** received no federal award for the year ended June 30, 2004.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

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

Reference Number

2003-01 and 2002-01

Condition*

The June 30, 2003 audited financial statements for TCEP were not submitted within the timeframe dictated by LSA-RS 24:513.

Recommendation

Management should continue to work toward the establishment of a financial reporting system that will facilitate the timely submission of all reports.

Current Status

The June 30, 2004 report was submitted within fifty (50) days of the due date of December 31, 2004.

***Repeated**

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section IV - Status of Prior Year' Findings and Questioned Costs, Continued

Reference Number

2003-02

Condition

Our review of the June 30, 2003 bank account reconciliation and reconciliation process revealed the following conditions:

- GOUAD's payroll account balance per the general ledger was \$6,000 as compared to the reconciled balance of \$1,549;
- GOUAD's administrative account balance per the general ledger was \$1,523 as compared to the reconciled balance of (\$3,727);
- General fund board checking account balance per the general ledger was \$378 as compared to the reconciled balance of \$55;
- Office of Facility Planning and Control checking account balance per the general ledger was \$925 as compared to the reconciled bank balance of \$891;
- Capital Fund Program general ledger balance was \$24,394 compared to the reconciled balance of \$(57); and a bank balance reflected on the reconciliation statement of \$62 compared to the bank statement balance of \$-0-;

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section IV - Status of Prior Year' Findings and Questioned Costs, Continued

Reference Number, Continued

2003-02

Condition, Continued

- General fund's special account balance per the general ledger was \$6 as compared to the reconciled balance of \$56;
- DSS's administrative account balance per the general ledger was (\$446) as compared to the reconciled balance of \$-0-;
- DSS's payroll account balance per the general ledger was \$54 as compared to the reconciles balance of \$-0-;
- Noted several bank accounts which were not reconciled;
- TCEP was not able to provide us with the May, 2003 bank statements for the National Council of Aging and the Office of Urban Affairs and Development programs;
- Listing of authorized checksigners provided by TCEP's depository institution, listed the name of a former employee;
- Noted no indication of supervisory review and/or approval of all reconciled bank accounts; and
- Noted the untimely preparation of bank reconciliations.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section IV - Status of Prior Year' Findings and Questioned Costs, Continued

Reference Number

2003-02

Recommendation

We recommend that management through supervisory review ensure that all bank accounts are reconciled to the respective general ledger accounts on a timely basis with all out-of-balance conditions resolved immediately.

In addition, management should update its listing of authorized checksigners to reflect the Board authorized signers.

Current Status

Partially resolved. All bank accounts have been reconciled through June 30, 2004. Also, management has initiated a review of its financial processing procedures in an effort to address among other issues, the described conditions. Anticipated completion date is March 31, 2005.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section IV - Status of Prior Year' Findings and Questioned Costs, Continued

Reference Number, Continued

2003-03

Condition

The June 2003 expenditure report detailing administrative and programmatic financial activities as submitted to the GOUAD, did not agree to amounts recorded on TCEP's general ledger. We also noted that the June 30, 2003 expenditure report was not submitted in a timely manner.

Recommendation

We recommend that management establish the necessary procedures to ensure that all expenditure reports are properly reconciled and submitted to the funding agency on a timely basis.

Current Status

Resolved. All monthly expenditure reports are prepared and submitted timely. Cost allocations are attached and filed with the office copy of the reports submitted.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section IV - Status of Prior Year' Findings and Questioned Costs, Continued

Reference Number

2003-04

Condition

Our review of the IRS Form 941 (Employers Quarterly Federal Tax Return) filed by TCEP for the year ended June 2003 revealed the following:

- The cumulative total wages as reflected on IRS Form 941 for the fiscal year ended June 30, 2003 was \$318,970 as compared to the general ledger amount of \$291,149; and
- The payroll register for the fiscal year ended June 30, 2003 totaled \$287,842 as compared to the general ledger total of \$291,149.

Recommendation

Management should implement a procedure to ensure that all required returns and/or reports are properly reconciled to both the general ledger and payroll registers for agreement prior to submission.

Current Status

Partially resolved. See current year's finding reference number 2004-04.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section IV - Status of Prior Year' Findings and Questioned Costs, Continued

Reference Number

2003-05

Condition

The operations of TCEP's internal control over cash disbursements revealed the following conditions:

- Noted no formal written accounting policies and procedures manual;
- Noted no mechanism for tracking time and attendance of employees;

Also, our review of twenty-five (25) disbursements revealed:

- Eight (8) instances where invoices supporting disbursements made were not cancelled to minimize the potential for duplicate bill payment;
- Seven (7) instances where invoices or receipts to substantiate the disbursements were not available for review;
- Three (3) instances where cash disbursements above \$100 were not supported by check request in accordance with TCEP's cash disbursement procedures; and
- Ten (10) unrecorded debit card transactions.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section IV - Status of Prior Year' Findings and Questioned Costs, Continued

Reference Number, Continued

2003-05

Recommendation

We recommend that management establish the necessary policies and procedures to enhance its internal control over cash disbursements to include the development of a formal written accounting policies and procedures manual. Management should also establish a time tracking mechanism to ensure that employees are paid in accordance with actual hours worked.

Current Status

Partially resolved. Effective July 2004, written procedures are in place to ensure the proper accounting for all financial transactions (receipts and disbursements) undertaken by **TCEP**.

Also, a tracking mechanism has been implemented and is being used for employee attendance (daily sign in sheet and leave slips) to include the approval of sick or vacation time activity by management.

Effective immediately, all disbursements must be approved by a check request. Also, debit/credit card purchases must be approved by check request.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section IV - Status of Prior Year' Findings and Questioned Costs, Continued

Reference Number

2003-06

Condition

TCEP incurs common or shared costs such as payroll and related fringe, occupancy, etc. in the management of its various programs. However, we noted that the allocation of shared costs to the various programs managed by TCEP was not performed on a consistent and timely basis.

Recommendation

Management should utilize a cost allocation methodology that is consistent and provides for a systematic allocation of shared costs.

Current Status

Resolved. Management has implemented a cost allocation procedure.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section IV - Status of Prior Year' Findings and Questioned Costs, Continued

Reference Number

2003-07

Condition

TCEP's inventory records revealed five (5) computers which were not tagged as state property or included in TCEP's inventory listing of equipment.

Recommendation

TCEP should evaluate its contract monitoring processes with an aim towards ensuring compliance with all aspects of its contracts with various agencies. For the GOUAD contract, all assets acquired with State funds should be properly documented and tagged as required by the executed contract.

Current Status

Resolved. All inventory items that were purchased with state funds have been tagged and included on the inventory listing.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section IV - Status of Prior Year' Findings and Questioned Costs, Continued

Reference Number

2003-08

Condition

TCEP's April 12, 2003 reimbursement request, revealed the following conditions:

- Noted no sign-in sheets for two(2) sites;
- One (1) site did not maintain sign-in sheets as back-up;
- A student whose name appeared on the sign-in sheets, was not included on the reimbursement request form;
- Noted two (2) students who did not have documented social security numbers as required;
- The name of the Executive Director was incorrectly associated with twenty (20) contract hours; and
- Noted total contact hours of 117 as recorded on the submitted sign-in sheets as compared to 802 contact hours per reimbursement request forms.

Recommendation

TCEP should re-evaluate its data collection, file maintenance and information reporting procedures with an aim towards ensuring the accurate reporting of all DOE activities.

Current Status

TCEP is in dialogue with the Department of Education.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section IV - Status of Prior Year' Findings and Questioned Costs, Continued

Reference Number

2003-09

Condition

We were unable to substantiate the completeness of TCEP's general ledger because of several unrecorded transactions resulting from our performance of audit procedures. Interfund activity for the year ended June 30, 2003, revealed several unposted and improperly posted transactions. This condition contributed to the an out-of-balance condition in the interfund accounts at June 30, 2003 of \$14,075.

In addition, we were unable to trace the corresponding or offsetting entries to specific general ledger accounts for selected transactions. Also, we noted that several transactions were improperly recorded and classified. However, the overall general ledger did balance.

Subsidiary ledgers for significant general ledger accounts such as payables, net deficit and support, are not maintained and/or reconciled to the applicable general ledger control accounts.

Also, there were several balance sheet accounts in the general ledger that reflected balances at June 30, 2003, which were contrary to the nature of the account prior to the effect of audit adjustments.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section IV - Status of Prior Year' Findings and Questioned Costs, Continued

Reference Number, Continued

2003-09

Recommendation

We recommend that management revisit with its procedures regarding the recordation and oversight of financial transactions with an emphasis on the preparation and submission of accurate financial statements.

Current Status

Partially resolved. Effective July 2004, the general ledger is reconciled on a monthly basis and all transactions are reviewed by the accountant. Any adjustments/journal entries prepared as a result of the reconciliations are reviewed and approved by the Executive Director before posting.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section IV - Status of Prior Year' Findings and Questioned Costs, Continued

Reference Number

2003-10

Condition

Interfund advances are not reimbursed by the borrowing fund on a timely basis nor are interfund advances reconciled on a monthly basis. At June 30, 2002 the total interfund balance was approximately \$702,384.

Recommendation

Management should establish a procedure to facilitate the timely reimbursement of interfund advances and the periodic reconciliation of interfund advances.

Current Status

In progress. TCEP is working with its auditors, consultant and staff to balance interfund. It will be completed by March 31, 2005.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section IV - Status of Prior Years' Findings and Questioned Costs

Reference Numbers

2002-02, 2001-04,
2000-01 and 2000-03

Condition*

The operation of TCEP's internal control over financial reporting exhibited the following conditions:

- Subsidiary ledgers for significant general ledger accounts such as, payables, net deficit and support, are not maintained and/or reconciled to the applicable general ledger control accounts;
- Also, there were several balance sheet accounts in the general ledger that reflected balances at June 30, 2002, which were contrary to the nature of the account prior to the effect of audit adjustments;
- Untimely and inaccurate recordation of financial transactions;
- Untimely preparation and review of financial statements for accuracy and completeness as evidenced by the numerous audit adjustments;
- The June 2002 monthly bank account reconciliation for TCEP's JCCH program did not agree to the general ledger balance at June 30, 2002. The general ledger balance for the referenced account at June 30, 2002, was \$45.73 compared to the reconciled balance of \$.05;

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section IV - Status of Prior Years' Findings and Questioned Costs

Reference Number, Continued

2002-02, 2001-04,
2000-01 and 2000-03

Condition, Continued

- Noted no indication of supervisory review and/or approval of all reconciled bank accounts; and
- Untimely preparation of all bank account reconciliations.

Current Status

Partially resolved.

Management continues to improve its financial accounting and reporting system to facilitate the accurate and timely reporting of all financial activities.

At June 30, 2004, all bank accounts have been reconciled to the general ledger.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Numbers

2002-03, 2001-01 and
2002-02

Condition

Our review of numerous correspondences from the IRS, revealed its inability to properly apply TCEP's payroll tax deposits. Also, the results of an IRS audit, performed covering the audit period, revealed the untimely submission of IRS Forms 1099, W-2's etc.

Current Status

Partially resolved. TCEP has hired a payroll service provider to ensure the timely deposit and complete filing of all required reports. TCEP is in communication with the IRS regarding the results of its audit.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Numbers

2002-04, 2001-02,
2000-05

Condition

Our review of TCEP's compliance with the activities reporting aspect of its contract with the Governor's Office of Urban Affairs and Development (GOUAD) revealed an instance where the November 2001 expenditure report detailing administrative and programmatic financial activities as submitted to GOUAD did not agree to amounts recorded on TCEP's general ledger.

Current Status

Resolved.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Numbers

2002-05 and 2000-04

Condition

TCEP incurs common or shared cost such as payroll and related fringe, occupancy, etc. in the management of its various programs. However, we noted that the allocation of shared costs to the various programs managed by **TCEP**, was not performed on a consistent basis.

Current Status

Resolved.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Number

2001-06

Condition*

At June 30, 2001, TCEP had no bonding insurance covering its employees with access to cash.

Current Status

Unresolved. See current years' finding reference number 2004-02. Management is currently working on securing bonding insurance coverage. Anticipated resolution date is March 31, 2005.

Reference Number

2001-07

Condition*

Lack of segregation of duties.

Current Status

Unresolved. See current years' finding reference number 2004-03. Also, management of TCEP continues to participate in key internal control activities as its current staffing size does not accommodate an effective segregation of duties.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
EXIT CONFERENCE

Exit conferences were held with representatives of **Treme' Community Education Program, Inc.** The contents of this report were discussed and management indicated their concurrence in all material respects. Those individuals who participated in this and previous discussions are as follows:

TREME' COMMUNITY EDUCATION PROGRAM, INC.

Mr. Norman Smith	--	Executive Director
Ms. Linder Andrew	--	Accountant

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Paul K. Andoh, Sr., CPA, CGFM, MBA	--	Partner
Mr. Victor Robinson	--	Senior Accountant
Mr. Alcide Tervalon, III, MBA	--	Staff Accountant