

2. Cash Disbursement:

While testing cash disbursements, I noted instances where invoices supporting disbursements were not canceled when paid, and no indication of outstanding balance on partially paid invoices. To prevent duplicate payment, invoices should be stamped paid, and for proper control of outstanding balances partially paid invoices should reflect the outstanding balance. Management stated that even though there are procedures in place to prevent duplicate payments and control outstanding balances, the above recommended procedures will be implemented to support the procedures already in place.

3. Payroll Testing:

In my payroll testing, I noted the instances of withholdings per payroll register not agreeing with withholdings per SF-4.

Although the above deficiencies isolated errors in procedures already in place, steps should be taken to ensure that all procedures are consistently followed. Management stated that all implemented procedures will be strictly enforced.

I wish to thank the staff of Southern Community Development Corporation for their support and assistance during my audit.

In my prior audit for the year ended June 30, 1995, I noted certain matters involving the internal control structure and other operational matters. These matters have been resolved, except those addressed previously in this report.

This report is intended for the information and use of the Board of Directors, management, Legislative Auditor and Grantors. However, this report is a matter of public record and its distribution is not limited.



Asif Gafar
Certified Public Accountant

November 28, 1996

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**Board of Directors
Southern Community Development Corporation**

In planning and performing my audit of the financial statements of Southern Community Development Corporation, hereinafter SCDC (a nonprofit organization), for the year ended June 30, 1996, I considered the Corporation's internal control structure to plan my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during my audit, I noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. I previously reported on the Corporation's internal control structure in my report dated November 30, 1995. This letter does not affect my report dated November 30, 1995 on the financial statements of SCDC. I will review the status of these comments during my next audit engagement. My comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. I will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. My comments are summarized as follows:

I. Interprogram Balances:

My examination revealed that the interprogram receivable/payable control balance agreed to the general ledger. However, minor adjustments were recorded to the subsidiary ledger of each program to agree each individual program receivable/payable balance. To properly control interprogram receivable/payable balances, the subsidiary ledger for each program should be reconciled to the subsidiary ledger of other programs.

SOUTHERN COMMUNITY DEVELOPMENT CORPORATION
(A Non-Profit Corporation)

Table of Contents

	Page
Management Letter	i

This report is intended for the information of the Board of Directors, management, Legislative Auditors and grantors. However, this report is a matter of public record, and its distribution is not limited.



Aul Gafar
Certified Public Accountant

November 30, 1996

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Schedule B

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH THE GENERAL REQUIREMENTS
APPLICABLE TO STATE AWARD PROGRAMS**

Board of Directors
Southern Community Development Corporation

I have audited the financial statements of Southern Community Development Corporation, hereafter SCDC (a nonprofit corporation), as of and for the year ended June 30, 1996, and have issued my report thereon dated November 18, 1996.

I have applied procedures to test SCDC's compliance with the following requirements applicable to its state programs, which are identified in the schedule of state awards, for the year ended June 30, 1996. The general requirements tested were as follows: Political activity, civil rights, cash management, allowable costs/lost principles, drug-free workplace.

My procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Audits of Institutions of Higher Learning and Other Non-Profit Institutions". My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on SCDC's compliance with the requirements listed in the preceding paragraph. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of my procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to my attention that caused me to believe that SCDC had not complied, in all material respects, with those requirements.

Shelter Care Assistance Program

1. Prior Years' Accrued Expenses Still Outstanding

Payments on some of the accrued expenses for fiscal years ending June 30, 1990, June 30, 1991 and June 30, 1992 are still outstanding. Payments of \$2,825, \$17,290 and \$17,400 are still outstanding from June 30, 1990, June 30, 1991 and June 30, 1992 respectively (See Note 6 to the financial statements).

Management stated that the above are allowable costs and have not been paid because an audit for the Department of Corrections considered these as unallowable costs, and an over billing of those costs by SCDC to Department of Corrections. The Department of Corrections, based on the audit, is deducting \$1,187, including interest, from the current monthly reimbursement to SCDC. This deduction from the monthly reimbursement also makes it financially difficult for SCDC to pay these payables. SCDC plans to negotiate these outstanding amounts and settle the debts.

In my opinion, except for these instances of noncompliance with the requirements applicable to the Shelter Care Assistance Program referred to in the fourth paragraph of this report, SCDC complied, in all material respects, with the specific requirements referred to in the second paragraph that are applicable to each of its state programs identified in the schedule of state awards for the year ended June 30, 1996.

In my prior audit for the year ended June 30, 1995, I reported findings relating to the Shelter Care Assistance Program. Those matters have been resolved, except those previously addressed in this report.

I noted certain immaterial instances of noncompliance that I have reported to the Board of Directors of SCDC in a separate letter dated November 30, 1996.

This report is intended for the information of the Board of Directors, management, Legislative Auditor and partners. However, this report is a matter of public record, and its distribution is not limited.

Asaf Gafar
Certified Public Accountant

November 30, 1996

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Schedule B

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE
TO STATE AWARD PROGRAMS**

Board of Directors
Southern Community Development Corporation

I have audited the financial statements of Southern Community Development Corporation, hereinafter SCDC (a nonprofit corporation), as of and for the year ended June 30, 1996, and have issued my report thereon dated November 30, 1996.

I have also audited SCDC's compliance with the requirements governing types of services allowed or not allowed, eligibility, reporting, claims for advances and reimbursements that are applicable to each of its state programs, which are identified in the schedule of state awards, for the year ended June 30, 1996. The management of SCDC is responsible for the corporation's compliance with these requirements. My responsibility is to express an opinion on compliance with these requirements based on my audit.

I conducted my audit of compliance with these requirements in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". These standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the corporation's compliance with these requirements. I believe that my audit provides a reasonable basis for my opinion.

The results of my audit procedures for Shelter Care Assistance Program, hereinafter SCAP, indicated that payments by SCAP are not recoverable under any of its contracts or agreements. However, my audit procedures disclosed that the corporation did not comply with the following requirement of SCAP. In my opinion, compliance with the requirement is necessary.

In my prior audit for the year ended June 30, 1995, I reported findings relating to Administrative Grant and conformity to Financial and Compliance Audit. These matters have been resolved.

I noted certain immaterial instances of noncompliance that I have reported to the Board of Directors of SCIM, in a separate letter dated November 30, 1996.

This report is intended for the information of the Board of Directors, management, Legislative Auditor and grantors. However, this report is a matter of public record, and its distribution is not limited.



Neil Gledhill
Certified Public Accountant

November 30, 1996

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Schedule B

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
Southern Community Development Corporation

I have audited the financial statements of Southern Community Development Corporation, hereinafter SCDC (a nonprofit corporation), as of and for the year ended June 30, 1996, and have issued my report thereon dated November 30, 1996.

I conducted my audit in accordance with generally accepted auditing standards and 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.

Compliance with laws, regulations, contracts, and grants applicable to SCDC is the responsibility of SCDC's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of SCDC's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Board of Directors, management, Legislative Auditor and grantors. However, this report is a matter of public record, and its distribution is not limited.



Arif Gafar
Certified Public Accountant

November 28, 1996

b. Specific Requirements

1. Types of services allowed or not allowed
2. Eligibility
3. Reporting
4. Claims for advances and reimbursements

For all of the internal control structure categories listed above, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk.

During the year ended June 30, 1996, SCDC expended 100% of its total state awards under state programs identified in the schedule of state awards.

I performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I considered relevant to preventing or detecting material noncompliance with specific requirements and general requirements, that are applicable to each of the corporation's state programs, which are identified in the schedule of state awards. My procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

My consideration of the internal control structure policies and procedures used in administering state programs identified in the schedule of state awards would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a state program 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 structure and its operation that I consider to be material weaknesses as defined above.

In my prior audit for the year ended June 30, 1995, I reported findings relating to Shelter Care Assistance Programs. These matters have been resolved.

I also noted other matters involving the internal control structure and its operation that I have reported to the Board of Directors of SCDC in a separate letter dated November 30, 1996.

The management of SCDC is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that state award programs identified in the schedule of state awards are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, I have classified the significant internal control structure policies and procedures used in administering state programs identified in the schedule of state awards in the following categories:

Internal Accounting Controls

- Cash
- Support, receivables and receipts
- Service fees, revenues and receivables
- Expenses for programs and supporting services and accounts payable
- Payroll and related liabilities
- Fixed Assets
- Debt and other liabilities
- Fund balances

Internal Administrative Controls

Governmental Financial Assistance Programs

a. General Requirements

1. Political activity
2. Civil rights
3. Cash management
4. Allowable costs/cost principles
5. Drug-Free Workplace Act

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Schedule 2

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE IN ACCORDANCE WITH COMB CIRCULAR A-133**

Board of Directors
Southern Community Development Corporation

I have audited the financial statements of Southern Community Development Corporation, hereafter SCDC (a nonprofit corporation), as of and for the year ended June 30, 1996, and have issued my report thereon dated November 30, 1996. I have also audited the organization's compliance with requirements applicable to state programs identified in the schedule of state awards and have issued my report thereon dated November 30, 1996.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." These standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the Corporation complied with laws and regulations, noncompliance with which would be material to state programs identified in the schedule of state awards.

In planning and performing my audit of SCDC for the year ended June 30, 1996, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements of SCDC and on its compliance with requirements applicable to state programs identified in the schedule of state awards and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to state programs identified in the schedule of state awards. I have addressed internal control structure policies and procedures relevant to my audit of the financial statements in a separate report dated November 30, 1996.

I also noted other matters involving the internal control structure and its operation that I have communicated to the Board of Directors of MTCO in a separate letter dated November 30, 1996.

This report is intended for the information of the Board of Directors, management, Legislative Auditor and Citizens. However, this report is a matter of public record and its distribution is not limited.



Paul Clarke
Certified Public Accountant

November 30, 1996

In planning and performing my audit of the financial statements of SDCB for the year ended June 30, 1996, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk 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 structure. Accordingly, I do not express such an opinion.

I used certain criteria involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data in a manner that is consistent with the assertions of management in the financial statements.

The reportable condition noted was as follows:

Records

My examination of the program revealed the following:

1. An instance of an invoice not available to support disbursement.

SDCB should implement procedures to ensure all transactions are supported by invoices, and maintain an adequate filing system. Additionally, the filing system should be periodically reviewed to ensure the filing procedures are followed.

Management of SDCB asserted that the transaction is authorized and is supported by a check and an invoice.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I believe the reportable condition described above is not a material weakness.

In my prior audit for the year ended June 30, 1995, I reported matters relating to (1) Records. These matters have been resolved, except those addressed previously in this report.

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Schedule 2

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF BASIC
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Southern Community Development Corporation

I have audited the financial statements of Southern Community Development Corporation, hereinafter "SCDC" (a nonprofit corporation), as of and for the year ended June 30, 1996 and have issued my report thereon dated November 30, 1996.

I conducted my audit in accordance with generally accepted auditing standards and 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.

The management of SCDC is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities can nevertheless occur and not be detected. Also, projections of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

SOUTHERN COMMUNITY DEVELOPMENT CORPORATION
 SCHEDULE OF STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 1996

<u>Grantor/ Program Title</u>	<u>State Grant #</u>	<u>Disbursements/ Expenditures</u>
Louisiana Department of Public Safety and Corrections		
Mental Care Assistance Program	400-396-4	\$252,768
Total		\$252,768

- * The above amount includes disbursements disallowed and not reimbursed by Department of Corrections, such as interest and certain other charges.

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



Arif Galir
Certified Public Accountant

November 28, 1996

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Schedule I

**INDEPENDENT AUDITOR'S REPORT ON
SCHEDULE OF STATE AWARDS**

Board of Directors
Southern Community Development Corporation

I have audited the financial statements of Southern Community Development Corporation, hereafter SCDC, (a nonprofit corporation), for the year ended June 30, 1999 and have issued my report thereon dated November 30, 1998. These financial statements are the responsibility of SCDC's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audit of Institutions of Higher Education and Other Nonprofit Institutions". These standards and OMB Circular A-133 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 statements presentation. I believe that my audit provides a reasonable basis for my opinion.

My audit was made for the purpose of forming an opinion on the basic financial statements of SCDC taken as a whole. The accompanying schedule of state awards is prepared for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule

Note 7)

Interprogram Balances

SCDC's interprogram receivable and payable balances are as follows as of June 30, 1996:

Program	Bal. (Dts.)
Norman House	\$ (231)
Thompson	6,852
SCAP	(16,322)
Day Care	(1,801)
Administrative (92%)	444
Administrative (101%)	<u>22,000</u>
Total	<u>\$ 3,648</u>

This balance of \$ 3,648 is owed to the unrestricted fund.

Note 8)

Leasing Arrangement

The corporation leases its buildings from Lower Ninth Ward Housing Development Corporation. All leases of the corporation are operating leases for a period of one year with renewal options. These leases have been consistently renewed since 1989.

Rent expense on buildings and rates for the year ended June 30, 1996 was \$74,808.

Note 5:**Deficit**

SCDC has \$20,250 of cumulative deficit. This deficit resulted from reductions in grants of Thompson House, Norman House and Day Care Programs for fiscal year ending June 30, 1991 and June 30, 1992. Additionally, all prior year expenses incurred by SCAP were not reimbursed by the Department of Corrections. And in FY 92/93, Department of Corrections defaulted \$97,684 of prior period reimbursed expenses (See Note 4). Department of Corrections asserts that these expenses were not in compliance with the stipulations in the contract. The operating results of the programs for fiscal year ending June 30, 1993 were as follows:

Program	Expense (Deficiency)	
Norman House	\$18,005	
Thompson House	(5,081)	
SCAP	(1,588)	
Administrative 95/96*	(5,487)	
General Fund	<u>1,466</u>	
Total	<u>\$23,175</u>	Net Deficiency

This deficiency for FY 92/93 is included in the cumulative deficit.

* The Administrative 95/96 program funds were used to support the operation of other programs.

Note 6:**Contingencies**

SCDC was reimbursed for accrued expenses for fiscal year ending June 30, 1990, June 30, 1991 and June 30, 1992. The payments on these expenses are still outstanding from June 30, 1990, June 30, 1991 and June 30, 1992. SCDC asserts the expenses were for appropriate program needs. The possible outcome of this matter is uncertain at this time.

Accordingly, no provision for any liability to the Department of Corrections for these reimbursed accrued expenses has been made in the financial statements. SCDC asserts that reimbursement on these expenses has been considered over billing by an audit performed for the Department of Corrections, and this amount has been recorded as a liability in the financial statements (see Notes 4 and 5). However, Department of Corrections has not yet notified SCDC if they have included these reimbursed expenses in the present liability to them.

8. Vacation and Sick Leave

SCDC employees earn three hours of vacation time and four hours of sick leave each pay period. Vacation and sick leave earned and not taken by the end of the fiscal year are not carried forward to another year; consequently, the accounts do not reflect any accruals.

Note 3:

Grants Receivable

It consisted of amounts due from grantors at June 30, 1986. Grant revenues for the various programs for the fiscal year ended June 30, 1986 were as follows:

<u>Program</u>	<u>Amount</u>
Thompson House	\$121,682
Norman House	118,200
Administrative	86,983
SCAP	250,201
	<hr/>
Total	\$577,066

Note 4:

Due to Grantor

An audit performed for the Department of Corrections, indicated SCDC has over billed Department of Corrections \$49,604 for the Shelter Care Assistance Program. The audit was for the period July 1, 1991 through April 30, 1992.

In fiscal year 95/96, SCDC paid \$11,633 of the assessed amount to the Department of Corrections. The payment is in monthly installments of \$1,187.74 including interest at 7 percent. Future yearly obligation, excluding interest, is as follows:

FY 96/97 \$ 15,000

The balance at June 30, 1986, includes interest accrued of \$179.

restricted-delivered amounts.

All residential programs, except Shelter Care Assistance Program, are reimbursed on a predetermined unit cost rate, and are not based on actual expenses.

2. Fixed Assets

Prior to fiscal year ending June 30, 1993, fixed assets required to be capitalized were expensed. The fair value and depreciation of these assets were not material, and were not included in the financial statements.

Under contractual agreement with the various grantors, certain fixed assets purchased and utilized by the corporation revert to the various grantors upon termination of the contracts. Therefore, these fixed assets are charged to expense upon purchase and no depreciation has been provided.

Other fixed assets are recorded at cost, and depreciation is calculated on the straight-line method over the estimated useful lives of depreciable assets. The depreciation expense for the year was \$517.

3. Total Columns

Total columns are captioned "Measurements Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations, in conformity with generally accepted accounting principles. Also, such data is not comparable to a consolidation.

4. 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 support, revenues and expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Summary of Significant Accounting Principles**1. Principles of Accounting**

The financial statements of Southern Community Development Corporation (SCDC) are prepared in accordance with generally accepted accounting principles; accordingly, all assets, liabilities, and activities are stated on the accrual basis of accounting.

SCDC is an exempt organization for federal income tax purposes under section 501(c)(6) of the Internal Revenue Code.

To ensure observance of limitations and restrictions placed on the use of resources available to SCDC, the accounts of SCDC are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to the nature and purpose of such funds. Separate accounts, if applicable, are maintained for each fund. Accordingly, all financial transactions have been recorded and reported by fund group. The assets, liabilities and fund balances of SCDC are reported in a self-balancing operating fund. The operating fund includes the following:

a. Unrestricted Resources

Unrestricted resources are used to account for all activities and transactions not required to be accounted for separately. It represents the portion of expendable funds that are available for support of SCDC operations.

b. Restricted Resources

Restricted resources include expendable funds that are available for support of SCDC operations, but restricted by the grantor for particular operating purposes. The restricted resources of SCDC represent a consolidation of all the grants and programs administered by SCDC. Operating funds restricted by the grantor or other outside party for particular operating purposes are deemed to be earned and reported as revenues of operating funds when SCDC has incurred expenditures in compliance with specific restrictions and in the period designated by the grantor. Such amounts received but not yet earned are reported as

SOUTHERN COMMUNITY DEVELOPMENT CORPORATION
Notes to Financial Statements
June 30, 1996

Note 1: Background and General Data

Southern Community Development Corporation, hereafter SCDC, is a non-profit, community based, social service organization that has been in existence since 1980.

SCDC provides social services to the residents of the economically depressed area which is known as the "Lower Ninth Ward" of New Orleans.

The Lower Ninth Ward, a community of about 15,000 residents, is bounded by the Industrial Canal on the west, the St. Bernard Parish line on the east, Florida Avenue on the south and the Mississippi River on the north. Although there is 58% home ownership, most people in this district are poor and desperately need the services provided by SCDC.

During the year ended June 30, 1996, SCDC operated the following governmentally funded programs:

1. Shelton Care Assurances Program

A center for 12 pre-adjudicated status offenders. This program is funded by the Department of Safety and Corrections.

2. Thompson House

A group home to provide residence for six mentally ill adult males. This program is funded by the Department of Health and Hospitals.

3. Norman House

A group home to provide residence for six mentally ill adult males. This program is funded by the Department of Health and Hospitals.

SCDC also received funds from the Governor's Office of Urban Affairs and Development to effectively administer SCDC's operations.

**NOT THEIR OWNERS' NET DEVELOPMENT CONTRIBUTIONS
RECORDING OF ALL NET CAPITAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 1998**

	Program Services		Supporting Services		Total
	Traveler & Medical	Recreation	Management & General	Feasibility & Research	
Salaries	556,082	-	5,744,841	5	6,300,928
Payroll Taxes	72,131	-	6,987	-	79,118
Wages / Compensation	-	-	2,182	200	2,382
Benefits	-	-	2,896	-	2,896
Book Charges	-	-	1,594	-	1,594
Office Materials	-	-	1,876	-	1,876
Books & Publications	-	-	100	188	288
Depreciation	-	-	937	377	1,314
Education & Training	306	-	407	685	1,398
Equipment/Furniture/Fixtures	-	-	860	862	1,722
Flight	-	-	860	-	860
Health	-	-	8,775	-	8,775
Utilities	-	-	2,189	-	2,189
Travel	-	-	170	32,683	32,853
Licenses & Permits	-	-	38	600	638
Miscellaneous	-	-	138	-	138
Professional Fees	-	-	41,883	-	41,883
Rental - Building & Equip	-	-	12,888	62,888	75,776
Supplies & Maintenance	-	-	92	30,782	30,874
Supplies	-	-	-	-	-
Food	-	-	-	32,146	32,146
Building	-	-	-	6,792	6,792
Medical	216	311	58	-	585
Office	-	-	2,778	483	3,261
Other	-	478	-	-	478
Telephone	-	-	2,403	-	2,403
Utilities	-	-	-	16,708	16,708
TOTAL EXPENSES	638,218	1,278	9,681,623	9,812,622	10,501,741

Total Expenses

The accompanying report and notes are an integral part of these financial statements

SOUTHERN COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF SUPPORT, REVENUE AND EXPENSES
AND CHANGES IN FUND BALANCE
FOR YEAR ENDED JUNE 30, 1996

	<u>Operating Fund</u>		<u>Total</u> <u>All Funds</u>
	<u>Unrestricted</u> <u>Fund</u>	<u>Restricted</u> <u>Funds</u>	
Support and revenue			
Support			
Grants	\$ ---	\$578,132	\$578,132
Total support	---	578,132	578,132
Revenue			
Rent	-	24,199	24,199
Other income	1,028	---	1,028
Total revenue	1,028	24,199	25,227
Total support and revenue	1,028	602,331	603,359
Expenses			
Program services			
Therapeutic and medical	-	288,876	288,876
Recreational	-	476	476
Total program services	---	289,352	289,352
Supporting services			
Management and general	1,874	161,802	163,676
Facility and household	86	138,183	138,269
Utility	---	38,123	38,123
Total supporting services	1,960	338,108	340,068
Total expenses	1,960	627,460	629,420
(Deficiency) of support and revenue over expenses	(48)	(25,129)	(25,177)
Fund balance (deficit) July 1, 1995	3,458	(27,629)	(24,171)
Fund balance (deficit) June 30, 1996	\$ 3,410	\$ (60,757)	\$ (57,347)

The accompanying report and notes are an integral part
of these financial statements

SOUTHERN COMMUNITY DEVELOPMENT CORPORATION
BALANCE SHEET
JUNE 30, 1994

	<u>Operating Fund</u>		<u>Total</u> <u>All Funds</u>
	<u>Unrestricted</u> <u>Fund</u>	<u>Restricted</u> <u>Funds</u>	
Assets			
Current Assets			
Cash	\$ 364	\$ -	\$ 364
Grants receivable & other (Note 3)	-	88,574	88,574
Due from restricted funds	2,048	-	2,048
Total current assets	<u>9,412</u>	<u>88,574</u>	<u>97,986</u>
Fixed Assets			
Equipment	-	2,261	2,261
Less: Accumulated depreciation	-	<u>(1,080)</u>	<u>(1,080)</u>
Fixed assets, net	<u>-</u>	<u>1,181</u>	<u>1,181</u>
Total assets	<u>\$ 9,412</u>	<u>\$ 90,755</u>	<u>\$ 100,167</u>
Liabilities and Fund Balance			
Liabilities			
Current liabilities			
Accounts payable and other	\$ -	\$ 81,248	\$ 81,248
Accounts liabilities	-	11,076	11,076
Due to unrestricted fund	-	9,648	9,648
Taxes payable and other	-	3,475	3,475
Due to grants (Note 4)	-	<u>16,002</u>	<u>16,002</u>
Total current liabilities	<u>-</u>	<u>121,359</u>	<u>121,359</u>
Fund Balance (Deficit)			
Fund balance (deficit) (Note 5)	9,412	(60,762)	(51,350)
Total fund balance (deficit)	<u>9,412</u>	<u>(60,762)</u>	<u>(51,350)</u>
Contingencies (Note 6)			
Total liabilities and fund balance	<u>\$ 9,412</u>	<u>\$ 80,792</u>	<u>\$ 100,202</u>

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

ASIF GAFUR, M.B.A., M.S.
CERTIFIED PUBLIC ACCOUNTANT
P.O. Box 1340
New Orleans, Louisiana 70178
Phone: (504) 383-2424

MEMBER
American Institute of Certified Public Accountants

INDEPENDENT AUDITORS REPORT

Board of Directors
Southern Community Development Corporation

I have audited the accompanying balance sheet of Southern Community Development Corporation, hereinafter "SCDC" (a nonprofit organization), as of June 30, 1996, and the related statements of support, revenue and expenses and changes in fund balance and functional expenses for the year then ended. These financial statements are the responsibility of SCDC's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." These standards and OMB Circular A-133 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 SCDC as of June 30, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.



Asif Gafur
Certified Public Accountant

November 30, 1996

SOUTHERN COMMUNITY DEVELOPMENT CORPORATION
(A Non-Profit Corporation)

Table of Contents

	Schedule	Page
Independent Auditor's Report		1
Balance Sheet		2
Statement of Support, Revenue and Expenses and Changes in Fund Balance		3
Statement of Functional Expenses		4
Notes to Financial Statements		5
Independent Auditor's Report on Schedule of State Awards	1	11
Independent Auditor's Report on Internal Control Structure Based on an Audit of Basic Financial Statements Performed in Accordance with Government Auditing Standards	2	14
Independent Auditor's Report on Internal Control Structure in Accordance with OMB Circular A-123	3	17
Independent Auditor's Report on Compliance Based on an Audit of Financial Statements performed in Accordance with Government Auditing Standards	4	21
Independent Auditor's Report on Compliance with Specific Requirements Applicable to State Award Programs	5	23
Independent Auditor's Report On Compliance with the General Requirements Applicable to State Award Programs	6	25

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**SOUTHERN COMMUNITY DEVELOPMENT CORPORATION
NEW ORLEANS, LOUISIANA**

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**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or person designated by law, and other public officials. This report is available for public inspection at the Station House office of the Parish Attorney and, where appropriate, at the office of the parish clerk of court.

Release Date: SEP 27 1996

**ASIF GAFUR MBA, MS
CERTIFIED PUBLIC ACCOUNTANT**

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