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MULTI-SERVICE CENTER FOR THE HOMELESS, INC.

**COMPILED FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT ACCOUNTANTS' REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2003

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 9-15-04

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT ACCOUNTANTS' REPORT	1
STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2003	2
STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2003	3
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2003	4
NOTES TO THE FINANCIAL STATEMENTS	5
SUPPLEMENTARY INFORMATION: Schedule of Functional Expenses for the Year Ended December 31, 2003	13



Member
American Institute of
Certified Public Accountants
Society of Louisiana
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Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Multi-Service Center for the Homeless, Inc.

We have compiled the accompanying statement of financial position of **Multi-Service Center for the Homeless, Inc. (the Center)** (a not-for-profit corporation) as of December 31, 2003, and the related statements of activities and cash flows for the year then ended and the accompanying supplementary schedule of functional expenses, which is presented only for supplementary analysis purposes, in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and supplementary schedule, information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplementary schedule and, accordingly, do not express an opinion or any other form or assurance on them.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report, dated June 25, 2004, on the results of our agreed-upon procedures.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

June 25, 2004

MULTI-SERVICE CENTER FOR THE HOMELESS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2003

ASSETS

Grants receivable (NOTE 3)	\$ 28,366
Accounts receivable-employee (less allowance for doubtful accounts of \$29,323) (NOTES 4 and 9)	-0-
Prepaid expenses and other assets	3,240
Furniture, equipment, building improvements, and building net of accumulated depreciation (NOTES 5 and 6)	<u>394,339</u>
Total assets	<u>\$425,945</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 1,722
Accrued liabilities	9,116
Bank overdrafts	7,580
Loan payable-City of New Orleans (NOTE 6)	258,942
Due to the City of New Orleans (NOTES 7 and 10)	<u>27,951</u>
Total liabilities	<u>305,311</u>
Net Assets:	
Unrestricted net assets	<u>120,634</u>
Total net assets	<u>120,634</u>
Total liabilities and net assets	<u>\$425,945</u>

See Accountants' Report and Notes to the Financial Statements.

MULTI-SERVICE CENTER FOR THE HOMELESS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003

SUPPORT AND REVENUE

Support:	
Grant revenue - federal	<u>\$271,459</u>
Total support	<u>271,459</u>
Revenue:	
Contributions (in-kind) (NOTE 8)	179,872
Contributions	100
Other income	<u>6,109</u>
Total revenue	<u>186,081</u>
Total support and revenue	<u>457,540</u>

EXPENSES

Program Services:	
Supportive Housing	142,287
Healthcare for the Homeless	23,518
Other (NOTE 8)	<u>179,872</u>
Total program services	<u>345,677</u>
Support Services:	
Management and general	<u>94,410</u>
Total support services	<u>94,410</u>
Total expenses	<u>440,087</u>
Change in net assets	17,453
Net assets, beginning of year	<u>103,181</u>
Net assets, end of year	<u>\$120,634</u>

See Accountants' Report and Notes to the Financial Statements.

MULTI-SERVICE CENTER FOR THE HOMELESS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003

Cash Flows from Operating Activities:	
Change in net assets	\$ 17,453
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	16,543
Changes in assets and liabilities:	
Grants receivable	42,764
Prepaid expenses and other assets	11
Accounts payable and accrued liabilities	<u>(27,898)</u>
Net cash provided by operating activities	<u>48,873</u>
Cash Flows from Investing Activities:	
Purchase of building improvements	<u>(3,229)</u>
Net cash used in investing activities	<u>(3,229)</u>
Cash Flows from Financing Activities:	
Loan forgiveness	(100,000)
Bank overdrafts	<u>7,580</u>
Net cash used in financing activities	<u>(92,420)</u>
Decrease in cash	(46,776)
Cash, beginning of year	<u>46,776</u>
Cash, end of year	<u>\$ -0-</u>

See Accountants' Report and Notes to the Financial Statements.

MULTI-SERVICE CENTER FOR THE HOMELESS, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Nature of Activities:

Multi-Service Center for the Homeless, Inc. (the Center) is a non-profit corporation organized under the laws of the State of Louisiana.

The Center's primary purpose is to offer comprehensive assessment and case planning to the homeless with the goal of empowering them to regain control over their own destiny, and to become self-sufficient and self-advocates.

During the year ended December 31, 2003, **the Center** administered the following programs and grants:

- Healthcare for the Homeless Grant passed through the City of New Orleans
- Supportive Housing Grant passed through Unity for the Homeless, Inc.

Below is a brief description of each program or grant administered:

Healthcare for the Homeless

Healthcare for the Homeless, funded by the U.S. Department of Health and Human Services passed through the City of New Orleans, provides funds for primary health services, mental health services and case management services to the homeless in the City of New Orleans.

Supportive Housing Grant

The Supportive Housing Grant funded by the U.S. Department of Housing and Urban Development passed through Unity for the Homeless, Inc. provides outreach to the homeless population together with case management services and referrals.

MULTI-SERVICE CENTER FOR THE HOMELESS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Nature of Activities, Continued:

Community Development Block Grant

The Community Development Block Grant funded by the U. S. Department of Housing and Urban Development passed through the City of New Orleans provided funds for the acquisition of **the Center's** principal location (See NOTE 6).

NOTE 2 - Summary of Significant Accounting Policies:

Principles of Accounting

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

Contributed Services

During the year ended December 31, 2003, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

MULTI-SERVICE CENTER FOR THE HOMELESS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Donated Assets

Donations of assets are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, **the Center** reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. **The Center** reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Financial Statement Presentation

In accordance with SFAS No. 117, **the Center** is required to report information regarding its financial position and activities according to three classes of net assets, as applicable: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, **the Center** is required to present a statement of cash flows. As permitted by this statement, **the Center** has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets as required, as applicable.

Contributions

In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

MULTI-SERVICE CENTER FOR THE HOMELESS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Income Taxes

The Center is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Furniture, Equipment, Building and Building Improvements

The Center follows the practice of capitalizing all furniture, equipment, building and building improvements expenditures over \$500. Depreciation is computed under the straight-line method for all depreciable assets over their respective estimated useful life. The estimated useful lives are as follows:

Building	39 years
Building improvements	15 years
Furniture and equipment	7 years

Fair Value of Financial Instruments

The fair value of financial instruments approximate their carrying value at December 31, 2003.

Functional Allocation of Expenses

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

Total Column on Schedule of Functional Expenses

The total column on the schedule of functional expenses is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Such data is not comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

MULTI-SERVICE CENTER FOR THE HOMELESS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Grants Receivable:

Grants receivable at December 31, 2003 consist of the following:

Healthcare for the Homeless	\$ 7,360
Supportive Housing Grant	<u>21,006</u>
Total	<u>\$28,366</u>

NOTE 4 - Accounts Receivable - Employee:

An Independent Accountant's Report on the application of certain agreed-upon procedures dated, September 17, 1996 indicated that checks totaling \$30,173 were made payable to and endorsed by, or on behalf of a **Multi-Service Center** employee. It is management's opinion that these amounts represent unauthorized transactions executed by a former employee of **the Center** and as such have recorded those amounts as due from that former employee. The balance of amounts due from that employee is \$29,323 at December 31, 2003. Due to the uncertainty related to collectibility, an allowance for the entire amount has been established.

Under order of the court, that former employee has been ordered to make full restitution to **the Center**. (See NOTE 9).

MULTI-SERVICE CENTER FOR THE HOMELESS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - Furniture, Equipment, Building Improvements and Building:

At December 31, 2003, furniture, equipment, building improvements and building consisted of the following:

Land	\$ 143,577
Building	215,365
Building improvements	148,058
Furniture and equipment	<u>46,269</u>
	553,269
Less: accumulated depreciation	<u>(158,930)</u>
Total	<u>\$ 394,339</u>

Depreciation expense was \$16,543 for the year ended December 31, 2003.

NOTE 6 - Loan Payable:

The Center purchased its principal location at 2801 Earhart Boulevard. Funds for its purchase were provided under a contractual agreement dated February 14, 2002 with the City of New Orleans whereas **the Center** received in the form of a loan \$358,942 of Community Development Block Grant (CDBG) funds from the City of New Orleans. Under the agreement, **the Center** agrees to abide by certain terms, conditions and stipulations with respect to the agreement and the City required **the Center** to grant a lien and mortgage on the property as security for the faithful performance of all of **the Center's** obligations under the City agreement.

MULTI-SERVICE CENTER FOR THE HOMELESS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - Loan Payable, Continued:

Under the terms of the agreement, the lien and mortgage shall remain in full force and effect until **the Center's** obligations have been satisfied in full and the restrictions no longer apply, unless sooner terminated as a result of repayment in full to the City of New Orleans. The first anniversary date of the loan shall be one-year from the date of February 14, 2002 and so long as **the Center** is complying with its obligations, on each anniversary date of the loan, the sum of \$100,000 shall be forgiven subject to the proviso that should for any reason **the Center** sell or convert the property into an ineligible Community Development Block Grant use, the pro rata balance of the loan will become immediately due and payable in full.

NOTE 7 - Due to the City of New Orleans:

At December 31, 2003, amounts due to the City of New Orleans consisted of the following:

Unauthorized disbursement of City of New Orleans grant funds by a former Center employee	<u>\$27,951</u>
	<u>\$27,951</u>

NOTE 8 - Contributions (In-Kind):

For the year ended December 31, 2003, **the Center** received in-kind contributions of \$179,872. These in-kind contributions primarily consisted of articles of clothing provided to the homeless as supplied to **the Center** by local retailers recorded at their estimated fair value.

MULTI-SERVICE CENTER FOR THE HOMELESS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - Litigation:

Under the terms of a court judgement involving litigation by **the Center** seeking recovery of unsupported and unauthorized disbursements made by a former employee, the former employee has been ordered to make full restitution to **the Center** .

NOTE 10 - Contingencies:

The Center is the recipient of various grants and awards of Federal funds passed through the City of New Orleans as well as grants directly from the City of New Orleans and the State of Louisiana. The administration of the programs and activities funded by these grants and awards is under the control of **the Center** and is subject to audit and review by the applicable funding sources or their designee. Any grant or award found not to be properly spent in accordance with the terms, conditions and regulations of the funding source may be subject to recapture.

As of the date of this report, an independent accountant's report on applying agreed-upon procedures dated September 17, 1996, issued by a certified public accounting firm of operations and activities of certain programs, revealed checks totaling \$30,173 (\$20,182 and \$9,991 in 1995 and 1996, respectively) were made payable to, and endorsed by, or paid on behalf of a **Multi-Service Center** employee (See NOTES 4 and 7). It is management's opinion that these amounts represent unauthorized transactions and as such \$27,951 is due to the City of New Orleans designated for repayment by **the Center**. The difference of \$2,222 represents funds from **the Center's** other revenue sources (non-grant funds).

SUPPLEMENTARY INFORMATION

MULTI-SERVICE CENTER FOR THE HOMELESS, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2003

	SUPPORT SERVICES Management and General	PROGRAM SERVICES			Total (Memorandum Only)
		Other	Supportive Housing Grant	Healthcare for the Homeless	
Salaries and wages	\$27,980	\$ -0-	\$ 79,436	\$21,837	\$129,253
Payroll taxes and benefits	15,037	-0-	9,106	1,681	25,824
Professional services	9,246	-0-	12,600	-0-	21,846
Occupancy	3,936	-0-	12,762	-0-	16,698
In-kind	-0-	179,872	-0-	-0-	179,872
Travel	3,197	-0-	10,383	-0-	13,580
Supplies	5,089	-0-	3,127	-0-	8,216
Repairs and maintenance	5,096	-0-	-0-	-0-	5,096
Depreciation	16,543	-0-	-0-	-0-	16,543
Other	6,821	-0-	3,146	-0-	9,967
Insurance	1,465	-0-	11,727	-0-	13,192
Total	\$94,410	\$179,872	\$142,287	\$23,518	\$440,087

See Accountants' Report and Notes to the Financial Statements.

MULTI-SERVICE CENTER FOR THE HOMELESS, INC.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2003**

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES	1
LOUISIANA ATTESTATION QUESTIONNAIRE FOR MULTI-SERVICE CENTER FOR THE HOMELESS, INC.	9



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**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors
Multi-Service Center for the Homeless, Inc.

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of **Multi-Service Center for the Homeless, Inc. (the Center)** and the Legislative Auditor of the State of Louisiana and applicable state and local grantor agency/agencies solely to assist the users in evaluating management's assertions about the Center's compliance with certain laws and regulations during the year ended December 31, 2003 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES, CONTINUED**

To the Board of Directors
Multi-Service Center for the Homeless, Inc.

Federal, State, and Local Awards

1. Determine the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

The Center's Federal, state, and local award expenditures for the fiscal year follow:

<u>Federal Grantor/Pass-through Agency Grant Name</u>	<u>Grant Year</u>	<u>CFDA No.</u>	<u>Amount</u>
<u>FEDERAL AWARD EXPENDITURES</u>			
U. S. Department of Housing and Urban Development passed through the City of New Orleans- Community Development Block Grant	01/01/03-12/31/03	14.218	\$105,653
U.S. Department of Housing and Urban Development passed through Unity for the Homeless - Supportive Housing Program	01/01/03-12/31/03	14.235	142,288
U.S. Department of Health and Human Services passed through the City of New Orleans - Healthcare for the Homeless	01/01/03-12/31/03	93.151	<u>23,518</u>
Total Federal Award Expenditures			<u>\$271,459</u>

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES, CONTINUED**

To the Board of Directors
Multi-Service Center for the Homeless, Inc.

<u>Grant Name</u>	<u>Grant Year</u>	<u>CFDA No.</u>	<u>Amount</u>
<u>Local Award Expenditures</u>			
Contributions (In-Kind) (clothing donations)	01/01/03-12/31/03	N/A	<u>\$179,872</u>
Total Local Award Expenditures			<u>\$179,872</u>

2. For each Federal, state and local award, we randomly selected six (6) disbursements from each award administered during the period under examination, provided that no more thirty (30) disbursements would be selected.
3. For the items selected in procedure 2, we traced all six (6) disbursements for each Federal, state and local award to supporting documentation as to proper amount and payee.

For items selected in procedure 2, the supporting documentation agreed as to proper amount and payee.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES, CONTINUED**

To the Board of Directors
Multi-Service Center for the Homeless, Inc.

4. For the items selected in procedure 2, we determined if the six (6) disbursements for each Federal, state and local award were properly coded to the correct fund and general ledger account.

For items selected in procedure 2, each disbursement was properly coded to the correct fund and general ledger account.

5. For the items selected in procedure 2, we determined whether the six (6) disbursements from each Federal, state and local award received approval from proper authorities.

For the items selected in procedure 2, each disbursement was approved by the proper authority.

6. For the items selected in procedure 2: For Federal awards, we determined whether the disbursements complied with the applicable specific program compliance requirements summarized in the *Compliance Supplement* (or contained in the grant agreement, if the program is not included in the *Compliance Supplement*) and for the state and local awards, we determined whether the disbursements complied with the grant agreement, relating to:

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES, CONTINUED**

To the Board of Directors
Multi-Service Center for the Homeless, Inc.

Activities allowed or unallowed:

For the items selected in procedure 2, all disbursements selected were allowed and complied with specific program/ grant agreement requirements as applicable.

Eligibility:

Not applicable.

Reporting:

Not applicable.

7. For the programs selected for testing in procedure 2, that had been closed out during the period under review, we compared the close-out reports, when required, with **the Center's** financial records to determine whether the amounts agree.

For the programs selected in procedure 2, the amounts reported on the close-out reports agreed to **the Center's** financial records, as applicable.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES, CONTINUED**

To the Board of Directors
Multi-Service Center for the Homeless, Inc.

Meetings

8. We examined evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS- 42:1 through 42.12 (the open meetings law).

Management has asserted that such documents were posted although, we could find no evidence supporting such assertion other than an unmarked copy of the notices and agendas.

Comprehensive Budget

9. For all grants exceeding five thousand dollars, we determined that each applicable Federal, state or local grantor agency/agencies was provided with a comprehensive budget of those grants that include the purpose and duration, and for state grants included specific goals and objectives that included measures of performance.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES, CONTINUED**

To the Board of Directors
Multi-Service Center for the Homeless, Inc.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of **Multi-Service Center for the Homeless, Inc.**, the Legislative Auditor of the State of Louisiana and the applicable state grantor agency/agencies and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. 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

June 25, 2004

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Entities)
June 25, 2004 (Date Transmitted)

Bruno & Tervalon, LLP, CPAs
4298 Elysian Fields Avenue
New Orleans, LA 70122

In connection with your compilation of our financial statements as of December 31, 2003 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of June 25, 2004.

Federal, State, and Local Awards

We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes No

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes No

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes No

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes No

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Yes No

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes No

Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes No

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.

Jimmie Brady Acting Sec./Treasurer Date 6/21/04
Secretary

Treasurer Date _____

[Signature] _____ Date 6/14/04
President