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**SEVEN WARD/PIOLET LAND SENIOR CENTER, INC.**

**FINANCIAL STATEMENTS AND  
AUDITOR'S REPORT**

**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 3-2-05

**SEVEN WARD/PIOLET LAND SENIOR CENTER, INC.**

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# Justin J. Scanlan, C.P.A.

CERTIFIED PUBLIC ACCOUNTANT  
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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Seven Ward/Piolet Land Senior Center, Inc.

I have audited the accompanying statement of financial position of Seven Ward/Piolet Land Senior Center, Inc. (a non-profit corporation) as of June 30, 2004, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit. The prior year summarized comparative information has been derived from the Corporation's 2003 financial statements and, in my report dated September 30, 2003, I expressed an unqualified opinion on these financial statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Seven Ward/Piolet Land Senior Center, Inc. as of June 30, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Corporation will continue as a going concern. As discussed in Note B to the financial statements, the Corporation has suffered significant reductions in future grant revenue and a judgment was rendered against the corporation in excess of \$650,000, which raises substantial doubt about its ability to continue as a going concern. Management's plan in regard to these matters are also described in Note B. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

In accordance with Government Auditing Standards, I have also issued my report dated September 21, 2004, on my consideration of Seven Ward/Piolet Land Senior Center, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. This 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 my audit.

My audit was made for the purpose of forming an opinion on the basic financial statements of Seven Ward/Piolet Land Senior Center, Inc. taken as a whole. The supplemental information listed in the table of contents is presented for the 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 my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Justin J. Scanlon, CPA*

New Orleans, Louisiana  
September 21, 2004

**SEVEN WARD/PIOLET LAND SENIOR CENTER, INC.**

**STATEMENT OF FINANCIAL POSITION**

**June 30, 2004**

	<b>ASSETS</b>	<b>TOTAL MEMORANDUM ONLY June 30, 2003</b>
Cash	\$ 475	\$ 3,746
Grant receivable	-	70,586
Property and equipment - at cost (Note A4)		
Transportation equipment	32,793	32,793
Less accumulated depreciation	<u>&lt; 32,793 &gt;</u>	<u>&lt; 32,793 &gt;</u>
	<u>-</u>	<u>-</u>
Total assets	<u>\$ 475</u>	<u>\$ 74,332</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued liabilities	<u>\$ 250</u>	<u>\$ 71,068</u>
Total liabilities	250	71,068
Commitment and contingencies (Note B)	-	-
Net assets		
Unrestricted	207	< 446 >
Temporarily restricted	<u>18</u>	<u>3,710</u>
Total net assets	<u>225</u>	<u>3,264</u>
Total liabilities and net assets	<u>\$ 475</u>	<u>\$ 74,332</u>

The accompanying notes are an integral part of this financial statement.

**SEVEN WARD/PIOLET LAND SENIOR CENTER, INC.**

**STATEMENT OF ACTIVITIES**

**For the year ended June 30, 2004**

	<b>UNRESTRICTED</b>	<b>TEMPORARILY RESTRICTED</b>	<b>TOTAL MEMORANDUM ONLY</b>	
			<b>For the year ended June 30,</b>	
			<b>2004</b>	<b>2003</b>
<b>REVENUES</b>				
Grant appropriations (Note C)	\$ -	\$ 187,665	\$ 187,665	\$ 362,612
Other income	653	-	653	247
Net assets released from restrictions	<u>191,357</u>	<u>&lt; 191,357 &gt;</u>	<u>-</u>	<u>-</u>
Total revenues	<u>192,010</u>	<u>&lt; 3,692 &gt;</u>	<u>188,318</u>	<u>362,859</u>
<b>EXPENSES</b>				
Salaries	92,677	-	92,677	130,149
Fringe benefits	9,690	-	9,690	13,283
Occupancy expense	9,000	-	9,000	9,000
Insurance	10,519	-	10,519	8,853
Vehicle expense	1,799	-	1,799	2,036
Contract services	52,136	-	52,136	88,077
Program activities	7,926	-	7,926	2,344
Supplies	4,928	-	4,928	107,066
Telephone	1,787	-	1,787	1,289
Depreciation	-	-	-	10,931
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>393</u>
Total expenses	<u>190,462</u>	<u>-</u>	<u>190,462</u>	<u>373,421</u>
Increase <decrease> in net assets	1,548	< 3,692 >	< 2,144 >	< 10,562 >
Return of funds to funding service	< 895 >	-	< 895 >	< 10 >
Net assets, beginning of year	<u>&lt; 446 &gt;</u>	<u>3,710</u>	<u>3,264</u>	<u>13,836</u>
Net assets, end of year	<u>\$ 207</u>	<u>\$ 18</u>	<u>\$ 225</u>	<u>\$ 3,264</u>

The accompanying notes are an integral part of this financial statement.

SEVEN WARD/PIOLET LAND SENIOR CENTER, INC.

STATEMENT OF CASH FLOWS

For the year ended June 30, 2004

Increase <decrease> in cash and cash equivalents		
Cash flows from operating activities:		
Decrease in net assets		\$ < 2,144>
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Return of funds to funding source	\$ < 895>	
Changes in assets and liabilities:		
Decrease in grant receivable	70,586	
Decrease in accounts payable and accrued liabilities	<u>&lt; 70,818&gt;</u>	<u>&lt; 1,127&gt;</u>
Net cash used in operating activities		<u>&lt; 3,271&gt;</u>
Net decrease in cash and cash equivalents		< 3,271>
Cash and cash equivalents, beginning of year		<u>3,746</u>
Cash and cash equivalents, end of year		<u>\$ 475</u>

The accompanying notes are an integral part of this financial statement.

SEVEN WARD/PIOLET LAND SENIOR CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the corporation's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. **Nature of Activities**

Seven Ward/Piolet Land Senior Center, Inc. was organized to provide persons, age 55 years and older or disabled, social services that will encourage them to be educated about issues that affect the mature adult, as well as remain healthy through recreation and socialization.

2. **Financial Statement Presentation**

The corporation's financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) as set forth in the Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations." Accordingly, the net assets of the corporation are reported in each of the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets. There were no permanently restricted net assets.

Net assets of the restricted class are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

3. **Revenue Recognition**

For financial reporting, the corporation recognizes all contributed support as income in the period received. Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "net assets released from restrictions".

Grant revenue is recognized as it is earned in accordance with approved contracts.

4. **Property and Equipment**

Seven Ward/Piolet Land Senior Center, Inc. records property acquisitions at cost. Donated assets are recorded at estimated value at date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. There was no depreciation expense for the year ended June 30, 2004.

It is the policy of the corporation to capitalize all property, furniture, and equipment with an acquisition cost in excess of \$1,000.



**SEVEN WARD/PIOLET LAND SENIOR CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2004**

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

**5. Estimates**

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

**6. Cash Equivalents**

For purposes of the statement of cash flows, the corporation considers all investments with original maturities of three months or less to be cash equivalents.

**7. Fair Values of Financial Investments**

Cash and cash equivalents carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those investments.

**8. Memorandum Only - Total Columns**

Total columns are captioned "Memorandum Only" to indicate that they are presented only to assist with financial analysis. Data in those columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**NOTE B - COMMITMENT AND CONTINGENCIES**

The Corporation is engaged in a lawsuit involving general liability issues. A judgment was rendered against the Corporation in excess of \$650,000. It is the opinion of management, the judgment will be appealed and the ultimate outcome of the lawsuit is undeterminable at this time.

The Corporation will not receive any future grant revenue from the New Orleans Council on Aging, Inc., nor from any other funding source. Accordingly, management has elected not to continue operations after June 30, 2004.

SEVEN WARD/PIOLET LAND SENIOR CENTER, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2004

NOTE C - SUMMARY OF FUNDING

Seven Ward/Piolet Land Senior Center, Inc. funding for grants and contracts consist of the following:

<u>Grants</u>	<u>Period</u>	<u>Grant Award</u>	<u>Revenue Recognized</u>
New Orleans Council on Aging, Inc.			
Senior Center Program	7/1/03-6/30/04	\$ 90,780	\$ 90,780
Weatherization Program	7/1/03-6/30/04	95,429	95,429
Louisiana Stadium Exposition District			
Grant #798	7/1/03-6/30/04	1,456	<u>1,456</u>
			<u>\$ 187,665</u>

NOTE D - INCOME TAXES

The corporation is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE E - BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

NOTE F - ECONOMIC DEPENDENCY

Seven Ward/Piolet Land Senior Center, Inc. received the majority of its revenue from funds provided through grants administered by the New Orleans Council on Aging, Inc. and the Louisiana Stadium Exposition District. The grant amounts are awarded each year by the state government. If significant budget cuts are made at the state level, the amount of the funds the corporation receives could be reduced significantly and have an adverse impact on its operations. At the time of completion of the examination of the corporation's financial statements, management does not expect to receive any funds in the next fiscal year.

The corporation's support through state grants totaled 99% for the year ended June 30, 2004.

**SUPPLEMENTAL INFORMATION**

SEVEN WARD/PIOLET LAND SENIOR CENTER, INC.

COMBINED STATEMENT OF ACTIVITIES

For the year ended June 30, 2004

New Orleans Council on Aging, Inc.

	Senior Center Program	Weatherization Program	Louisiana Stadium Exposition District	General	Total
<b>REVENUES</b>					
Grant appropriations	\$ 90,780	\$ 95,429	\$ 1,456	\$ -	\$ 187,665
Other income	-	-	-	653	653
Total revenues	<u>90,780</u>	<u>95,429</u>	<u>1,456</u>	<u>653</u>	<u>188,318</u>
<b>EXPENSES</b>					
Salaries	47,000	45,677	-	-	92,677
Fringe benefits	6,343	3,347	-	-	9,690
Occupancy expense	3,750	5,250	-	-	9,000
Insurance	10,519	-	-	-	10,519
Vehicle expense	1,211	588	-	-	1,799
Contract services	16,653	35,483	-	-	52,136
Program activities	3,429	4,497	-	-	7,926
Supplies	88	587	4,253	-	4,928
Telephone	1,787	-	-	-	1,787
Total expenses	<u>90,780</u>	<u>95,429</u>	<u>4,253</u>	<u>-</u>	<u>190,462</u>
Increase <decrease> net assets	-	-	<2,797>	653	<2,144>
Return of funds to funding source	< 895>	-	-	-	< 895>
Net assets, beginning of year	<u>895</u>	<u>-</u>	<u>2,815</u>	<u>&lt;446&gt;</u>	<u>3,264</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18</u>	<u>\$ 207</u>	<u>\$ 225</u>

# Justin J. Scanlan, C.P.A.

CERTIFIED PUBLIC ACCOUNTANT  
4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122  
TELEPHONE: (504) 288-0050

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

Board of Directors  
Seven Ward/Piolet Land Senior Center, Inc.

I have audited the financial statements of Seven Ward/Piolet Land Senior Center, Inc. as of and for the year ended June 30, 2004, and have issued my report thereon dated September 21, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### **Compliance**

As part of obtaining reasonable assurance about whether Seven Ward/Piolet Land Senior Center, Inc.'s financial statements are free of material misstatement, I 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 my audit, and 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.

### **Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Seven Ward/Piolet Land Senior Center, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Seven Ward/Piolet Land Senior Center, Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2004-1 and 2004-2.

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. My 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, I believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the audit committee, management, Louisiana Legislative Auditor and others within the organization and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Justin J. Scanlan, CPA*

New Orleans, Louisiana  
September 21, 2004

**SEVEN WARD/PIOLET LAND SENIOR CENTER, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**June 30, 2004**

**A. FINDINGS – FINANCIAL AUDITS**

**Reportable Conditions**

**2004-1 Segregation of Duties**

**Condition:** Except for maintaining the general ledger and reconciling the bank accounts, the administrator is responsible for all key accounting functions. This condition is a direct result of a limited staff.

**Criteria:** The accounting functions should be performed by a few individuals to assure a proper segregation of duties.

**Effect:** The organization is unable to assure that its assets are properly safeguarded.

**Questioned Costs:** Not applicable.

**Recommendation:** The board of directors should be involved in the review of monthly financial statements and be involved in key decisions.

**Response:** See Corrective Action Plan.

**2004-2 Payroll Tax Returns and Deposits**

**Condition:** The payroll tax deposits were not filed in accordance with federal and state regulations.

**Criteria:** Payroll tax deposits should be filed in accordance with the rules and regulations established by regulatory agencies.

**Effect:** The corporation may be subject to interest and penalties.

**Questioned Costs:** Not applicable.

SEVEN WARD/PIOLET LAND SENIOR CENTER, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

June 30, 2004

**B. STATUS OF PRIOR YEAR AUDIT FINDINGS**

The status of the prior year audit findings are as follows:

		<u>Resolved</u>	<u>Unresolved</u>	<u>Current Finding No.</u>
2003-1	Weatherization Program Minor Repairs	X		
2003-2	Financial Report	X		
2003-3	Segregation of Duties		X	2004-1
2003-4	Payroll Tax Returns and Deposits		X	2004-2



*SEVEN Ward / Piolet Land  
Senior Center, Inc.*



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GERALYN M. LABBE, MSW  
Executive Director

December 13, 2004

Justin Scanlan, CPA  
4759 St. Roch Avenue  
New Orleans, LA 70112

Gentlemen:

In response to the recent Audit Findings:

MLC 03-03 Segregation of Duties

It is the intent of Management to keep our Board of Directors apprised of the corporation's financial condition at quarterly board meetings. The Board will be advised that financial information is available on a monthly basis for any member to review.

MC 03-04 Payroll Tax Returns and Deposits

The last payroll tax return was filed for the quarter ending June 30, 2004. This problem would not exist in the future because we will not be filing any more tax returns.

If you need further information, please do not hesitate to contact us.

Sincerely,

GERALYN M. LABBE, MSW, GSW  
Executive Director