

Community Volunteers Association
October 20, 1997
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KDP Backup and Disaster Recovery

Backup copies of KDP data files, programs, and operating systems are not done on a regular basis. We recommend that data files be backed up daily and that the backup tapes be stored in a fireproof location on the premises. We further recommend that weekly, monthly, and year-end files be properly labeled and stored off premises in a fireproof vault.

The Organization does not have well-defined, written disaster recovery procedures. The time to make contingency plans is before disaster strikes, so that all personnel will be aware of their responsibilities in the event of an emergency situation that precludes the use of the existing KDP facilities. We suggest that management develop a disaster recovery plan that includes, but is not limited to, the following matters:

- Location of, and access to, offsite storage
- A listing of all data files that would have to be obtained from the offsite storage location.
- Identification of a backup location (name and telephone number) with similar or compatible equipment for emergency processing (management should make arrangements for such backup with another company, a computer vendor, or a service center. The agreement should be in writing.)
- Responsibilities of various personnel in an emergency.
- Priority of critical applications and reporting requirements during the emergency period.

We want to thank Sandra Griffin and Marjorie DeLafie for their support and assistance during our audit.

This report is intended solely for the information and use of the Board of Directors, management, and others within Community Volunteers Association.

Ericksen, Knight, Carter & LaPorte, LLP

Certified Public Accountants

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October 29, 1997

Community Volunteers Association
New Orleans, Louisiana

In planning and performing our audit of the financial statements of Community Volunteers Association (the Association) for the year ended June 30, 1997, we considered the Association's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated October 29, 1997, on the financial statements of the Association. We will review the status of these comments during our next audit engagement. Our comments and recommendations are intended to improve the internal control structure or result in other operating efficiencies. We 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. Our comments are summarized as follows:

Insured Cash Balances

Community Volunteers Association maintains cash balances at one financial institution. Accounts at the institution are insured by federal governmental agencies, up to \$100,000. At June 30, 1997 the cash balances in these accounts exceeded the insured amount by \$20,346. Maintaining such excess balances in uninsured accounts could result in Community Volunteers Association sustaining losses if the financial institution becomes insolvent.

Only minimum balances required for day-to-day operations need be kept in operating accounts, and amounts not needed for operations should be invested in insured accounts at more than one financial institution.

To the Board of Directors
Community Volunteers Association
October 29, 1997
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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. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Community Volunteers Association in a separate letter dated October 29, 1997.

This report is prepared for the information of the audit committee, management and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

October 29, 1997

Ericksen, Krantz, Carter & LaPorte, LLP

Certified Public Accountants

COMMUNITY DEVELOPMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1997

(3) BUILDING LEASE

From July 1, 1996 to February 21, 1997 the Association was under a noncancelable lease agreement with North-South Group, Inc. for approximately 680 square feet of office space. The Association paid rent of \$682 per month on the lease during that time. Upon expiration of the lease term, the Association was renting the same office space on a month to month basis at \$682 per month.

Total rent expense for the year ended June 30, 1997 was \$6,104.

(4) CONCENTRATIONS

The Association maintains cash balances at one financial institution. Accounts at the institution are insured by Federal governmental agencies up to \$100,000. At June 30, 1997, the Association's uninsured cash balances total \$20,388.

(5) PERIOD ADJUSTMENT

Unrestricted net assets as previously reported June 30, 1996	\$ 38,250
Contribution of real property not recorded in prior year	<u>10,800</u>
Restricted net assets, as restated, July 1, 1996	\$ 49,050

The effect of this adjustment on the change in net assets for the year ended June 30, 1996 was an increase of \$10,800. The adjustment had no effect on the change in net assets for the year ended June 30, 1997.

COMMUNITY VOLUNTEERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1997

111 NAURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Organizational Costs

Costs incident to the creation of the Association have been capitalized as organizational costs and are being amortized over sixty months on a straight-line basis. Total amortization for the year ended June 30, 1997 was \$3,393.

Support and Revenues

Support and revenues are recognized when earned.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor or the board of directors.

Functional Expenses

Expenses are charged directly to program services or supporting services in general categories based on specific identifications. Indirect expenses have been allocated based on a percentage of direct expenses, as determined by the grantor agency.

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.

Advertising

The Association expenses all nondirect-response advertising costs as incurred. For the year ended June 30, 1997, advertising costs totaled \$9,071.

Income Taxes

The Association is exempt from Federal income taxes under Section 501(c)(13) of the Internal Revenue Code and is not considered a private foundation.

122 SUPPORT

Support is comprised of \$439,168 received under an agreement with the Louisiana Office of Urban Affairs and Development.

COMMUNITY VOLUNTEERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1997

(11) NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Community Outreach

Community Outreach Program was designed to equip the target population with various avenues by which they can obtain pertinent information to improve living situations. Health Education, Environmental Awareness, Job Training and Community Information Seminars are provided to enhance the quality of life for community members.

Youth Job Training

Job Training program offers employment, skills training, entrepreneurship training, and career and personal counseling through workshops.

Camp Enhancement Summer Programs

Camp Enhancement Summer Programs was a collaboration between Community Volunteers Association and area summer camps to provide academic enrichment, cultural awareness and recreational activities such as swimming to At Risk youth.

Senior Care

Community Volunteers Association's Senior Care Program seeks to address the needs of the elderly, who qualify, by offering services that enhance the quality of life and social and cultural awareness.

Basis of Accounting

The accrual basis of accounting is followed by the Association.

Cash

Cash consists of funds maintained in savings and bank accounts.

Property and Equipment

Property and equipment are carried at cost. Additions, improvements, and betterments to property and equipment in excess of \$100 are capitalized. Depreciation is calculated over an estimated useful life of five years using the straight-line method. Depreciation expense for the year ended June 30, 1997 was \$4,633.

COMMUNITY VOLUNTEERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

410 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Community Volunteers Association (the Association) is chartered in the State of Louisiana as a non-profit corporation. The Association was organized for the following purposes:

1. To administer programs for high-risk youth that use strategies to improve skills of such youth, such as educational counseling and job skills training;
2. To develop and implement new strategies to communicate anti-drug messages to youth; and
3. To implement various other community-based programs to assist high-risk youths as needed.

All of the activities will be carried out under an agreement with the Governor's office of Urban Affairs and Development via the state of Louisiana. Its current programs include:

After School Tutorial/Cultural Enrichment

Student profile performances in New Orleans public schools indicate under achievement, low standardized test scores, low self-esteem and in some cases high absenteeism. A need exists to improve student motivation to succeed in school. Such improvement can be accomplished through afterschool tutorial and cultural programs. Enrichment in academics and exposure to cultural activities were offered to enable students to reach goals otherwise unattainable.

Conflict/Escape/Drug Intervention

The Drug Free Club addresses drug abuse prevention by presenting positive alternatives and resources prior to the years when problems occur. The idea is to reach children with preventive measures rather than having to cure already existing problems.

The goal of the Violence Intervention Program is to promote positive self-image and self worth, respect for self and others and a working knowledge of the correct and appropriate manner of dealing with crisis situations and conflicts.

COMMUNITY VOLUNTEERS ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1997

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$	4,000
Depreciation and amortization		8,026
Loss on the sale of property		8,575
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Decrease in receivables		4,400
Increase in payables		2,810

Net cash provided by operating activities		25,891

CASH FLOWS USED FOR INVESTING ACTIVITIES:

capital expenditures	15,481
Proceeds from sale of property	_____ 2,477

Net cash used for investing activities	12,954
Net increase in cash and cash equivalents	23,937
Cash, beginning of year	_____ 18,273
Cash, end of year	\$ _____ 42,210

**COMMUNITY VOLUNTEERS ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Program Services</u>	<u>Supporting Services</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries	\$ 46,430	\$ 14,800		\$ 61,230
Payroll taxes	8,839	1,915		10,754
Workmen's compensation insurance	343	163		506
total salaries and related expenses	55,612	16,878		72,490
Accounting	-	3,450		3,450
Advertising	9,071	-		9,071
Computer services	-	800		800
Contractual services	61,688	-		61,688
Lectures	60	-		60
Legal	-	2,463		2,463
Office	-	6,468		6,468
Other	-	3,729		3,729
Postage	-	1,400		1,400
Photography	1,384	-		1,384
Programs	289,618	-		289,618
Host - office	-	8,308		8,308
Host - programs	2,900	-		2,900
Repairs and maintenance	-	324		324
Telephone	2,174	544		2,718
Transportation	9,651	-		9,651
Total expenses before depreciation and amortization	378,538	50,955		429,493
Depreciation of property and equipment and amortization of organizational costs	-	6,925		6,925
Total expenses	\$ 378,538	\$ 57,880		\$ 436,418

COMMUNITY VOLUNTEERS ASSOCIATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1997

SUPPORT AND OTHER REVENUE:

Support	\$ 439,168
Interest income	5,453
Other income	<u>1,549</u>
Total unrestricted support and other revenue	<u>446,169</u>

EXPENSES AND LOSSES:

Program services	378,530
Supporting services:	
General and administrative	<u>56,961</u>
Total expenses	435,491
Loss on the sale of property	<u>8,575</u>
Total expenses and losses	<u>444,066</u>
Increase in unrestricted net assets	4,000
Beginning unrestricted net assets, as restated	<u>48,238</u>
Ending unrestricted net assets	\$ <u>52,238</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

COMMUNITY VOLUNTEERS ASSOCIATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1997

ASSETS

CURRENT ASSETS:

Cash	\$	42,928
Total current assets		42,928

PROPERTY AND EQUIPMENT:

Furniture and equipment		26,016
Less: accumulated depreciation		(13,894)
Net property and equipment		12,122

OTHER ASSETS:

Organizational costs; net of accumulated amortization of \$0.573		1,477
Total assets	\$	57,427

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$	2,900
Payroll taxes payable		2,224
Total current liabilities		5,124

NET ASSETS:

Unrestricted		52,303
Total liabilities and net assets	\$	57,427

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Community Volunteers Association

We have audited the accompanying statement of financial position of Community Volunteers Association, a nonprofit organization, as of June 30, 1997, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Community Volunteers Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, the Louisiana Governmental Audit Guide and Government Auditing Standards, issued by the Comptroller General of the United States. 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 Community Volunteers Association as of June 30, 1997, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated October 29, 1997 on our consideration of the Community Volunteers Association's internal control structure and on its compliance with laws and regulations.

October 29, 1997

Ericksen, Krantz, Canton & LaPorte, LLP

Certified Public Accountants

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- Exhibit "B" Statement of Activities
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- Exhibit "D" Statement of Cash Flows
- Notes to Financial Statements

