

COMMUNITY VOLUNTEERS ASSOCIATION

NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED

JUNE 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11-24-04

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Community Volunteers Association
1010 Common Street, Suite 3050
New Orleans, Louisiana 70112

We have audited the accompanying statement of financial position of Community Volunteers Association (a nonprofit organization) as of June 30, 2004, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the 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 auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide* 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 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, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2004, on our consideration of Community Volunteers Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

ERICKSEN KRENTEL & LAPORTE LLP

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

To the Board of Directors of
Community Volunteers Association
August 20, 2004
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Our audit was performed for the purpose of forming an opinion on the basic financial statements of Community Volunteers Association taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

August 20, 2004



Certified Public Accountants

COMMUNITY VOLUNTEERS ASSOCIATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2004

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 104,033
Grants receivable	106,596
Prepaid expenses	<u>1,674</u>
Total current assets	<u>212,303</u>

PROPERTY AND EQUIPMENT:

Furniture and equipment	63,053
Less: accumulated depreciation	<u>(30,146)</u>
Net property and equipment	<u>32,907</u>
Total assets	<u><u>\$ 245,210</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 99,172
Payroll taxes payable	4,546
Deferred revenue	<u>44,300</u>
Total current liabilities	<u>148,018</u>

NET ASSETS:

Unrestricted	<u>97,192</u>
Total liabilities and net assets	<u><u>\$ 245,210</u></u>

See accompanying NOTES TO FINANCIAL STATEMENTS

COMMUNITY VOLUNTEERS ASSOCIATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

UNRESTRICTED NET ASSETS**Support and revenue:**

Grants	\$ 1,158,750
Interest income	116
Other income	167
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Total unrestricted support and revenue	1,159,033

Expenses:**Program services:**

After school	404,250
Teen pregnancy	185,767
Senior care and home improvements	240,311
Community outreach	85,405
Conflict resolution	67,702
Job training	29,245
Camp enhancement	32,827

Supporting services:

General and administrative	117,976
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Total expenses	1,163,483
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Decrease in unrestricted net assets	(4,450)
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Beginning unrestricted net assets	101,642
	<hr/>

Ending unrestricted net assets	\$ 97,192
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**COMMUNITY VOLUNTEERS ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Program Services</u>	<u>Supporting Services</u>	
		<u>General and Administrative</u>	<u>Total</u>
Salaries	\$ 78,800	\$ 11,798	\$ 90,598
Payroll Taxes	8,236	993	9,229
	<u>87,036</u>	<u>12,791</u>	<u>99,827</u>
Accounting	-	\$ 28,514	\$ 28,514
Advertising	-	5,000	5,000
Contractual services	490,502	5,600	496,102
Equipment and equipment repair	1,122	1,720	2,842
Field trip	16,041	-	16,041
Food	26,456	-	26,456
Home improvements	127,122	-	127,122
Incentives	7,644	-	7,644
Insurance	-	3,416	3,416
Internet services	1,376	398	1,774
Legal	5,500	5,000	10,500
Miscellaneous	6,483	500	6,983
Newsletter	-	5,000	5,000
Office expenses	-	15,336	15,336
Program activities	68,897	-	68,897
Program supplies	168,319	-	168,319
Rent and facility usage fees	8,655	19,631	28,286
Telephone	3,599	1,924	5,523
Training	10,591	69	10,660
Transportation	15,208	-	15,208
Travel	956	2,392	3,348
	<u>1,045,507</u>	<u>107,291</u>	<u>1,152,798</u>
Total expenses before depreciation			
Depreciation of property and equipment	-	10,685	10,685
Total expenses	<u>\$ 1,045,507</u>	<u>\$ 117,976</u>	<u>\$ 1,163,483</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

COMMUNITY VOLUNTEERS ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2004

CASH FLOWS FROM/(USED FOR) OPERATING ACTIVITIES:

Decrease in net assets	\$ (4,450)
Adjustments to reconcile decrease in net assets to net cash from operating activities:	
Depreciation	10,685
Change in assets and liabilities:	
(Increase) decrease in:	
Grants receivable	81,061
Increase (decrease) in:	
Accounts payable	(23,787)
Payroll taxes payable	4,546
Deferred revenue	<u>(40,651)</u>
Net cash from operating activities	<u>27,404</u>

CASH FLOWS FROM/(USED FOR) INVESTING ACTIVITIES:

Capital expenditures	<u>(3,300)</u>
Net cash (used for) investing activities	<u>(3,300)</u>
Net increase in cash and cash equivalents	24,104
Cash and cash equivalents at beginning of year	<u>79,929</u>
Cash and cash equivalents at end of year	<u><u>\$ 104,033</u></u>

See accompanying NOTES TO FINANCIAL STATEMENTS

COMMUNITY VOLUNTEERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

(1) 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 to meet the needs of the New Orleans community through the implementation of enhancement programs to help at-risk youth, the elderly and the disadvantaged.

All of the activities are carried out under various agreements with the State of Louisiana, the Louisiana Stadium and Exposition District and the New Orleans Council on Aging. Its current programs include: After School Tutorial & Cultural Enrichment; Conflict, Violence & Drug Intervention; Community Outreach; Youth Job Training; Camp Enhancement Summer Programs; Teen Pregnancy Prevention Program; Senior Care and Home Improvement Program.

Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payable and other liabilities.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations* and SFAS No. 116 *Accounting for Contributions Received and Contributions Made*. Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At June 30, 2004, the Association had no temporary or permanently restricted net assets.

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.

COMMUNITY VOLUNTEERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all unrestricted highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Cash consists of funds maintained in interest bearing bank accounts.

Property and Equipment

Property and equipment are carried at cost. Additions, improvements, and betterments to property and equipment in excess of \$500 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, 2004 was \$10,685.

Support and Revenues

Grant revenues are recorded as they are earned, according to the provisions of the grant. Normally, grant revenues are earned and received as the grant period progresses. The provisions of the grant determine the timing of revenue recognition. Grant expenses are recognized when incurred for a grant-related obligation.

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

Refundable Advances

The Association records grant awards accounted for as exchange transactions as refundable advances until the related services are performed, at which time they are recognized as revenue.

Functional Expenses

Expenses are charged to program, administrative or fundraising based on a combination of specific identification and allocation by management.

COMMUNITY VOLUNTEERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of Significant Accounting Policies (continued)

Advertising

The Association expenses all nondirect response advertising costs as incurred. For the year ended June 30, 2004, advertising costs totaled \$5,000.

Income Tax Status

The Association is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950. However, income from certain activities not directly related to the Association's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Association qualified for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

(2) GRANTS RECEIVABLE AND SUPPORT

Support is comprised of grant revenues received under various agreements with the State of Louisiana, the Louisiana Stadium Exposition District and the New Orleans Council on Aging. For the year ended June 30, 2004, revenues from these grants totaled \$1,158,750. For the year ended June 30, 2004, grant awards totaled \$1,118,100, of this, \$44,300 is shown as deferred revenue.

No allowance has been made for uncollectible grant receivables as it has been the Association's experience that all contracts are collected in full.

(3) CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Association to credit risk consist principally of grant receivables. These receivables are not collateralized.

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, 2004, \$55,790 was uninsured and uncollateralized.

COMMUNITY VOLUNTEERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

(4) ECONOMIC DEPENDENCY

The Association derives a material part of its revenues from grants administered by the following Louisiana Agencies: the Governor's Office of Urban Affairs and Development, the Louisiana Department of Education, the Louisiana Department of Social Services Office of Family Support, and the Louisiana Stadium Exposition District. For the year ended June 30, 2004, revenues from these sources totaled \$999,507.

(5) LEASES

The Association leases office space under the terms of operating leases expiring December 31, 2006.

Rent expense for the office space is reduced by \$400 per month as a result of a sub-lease on a portion of the office space.

Rent expense related to these leases was \$19,631 for the year ended June 30, 2004. Future obligations over the primary terms of the lease as of June 30, 2004 are:

2005	\$	23,920
2006		23,920
2007		11,960

COMMUNITY VOLUNTEERS ASSOCIATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Disbursements/ Expenditures
<u>U.S. Department of Health and Human Services</u>			
Pass-through program from:			
<i>Louisiana Department of Education</i>			
Temporary Assistance for Needy Families	93.558		
After School Program		590083/603378	391,152 *
Teen Pregnancy Prevention - Phase III		604068	165,552 *
<i>Louisiana Department of Social Services, Office of Family Support</i>			
Temporary Assistance for Needy Families	93.558		
Teen Pregnancy Prevention - Phase I		589276	<u>16,774 *</u>
Total pass-through programs			<u>573,478</u>
Total U.S. Department of Health and Human Services			<u>573,478</u>
Total expenditures of federal awards			<u>\$ 573,478</u>

*** Major Program**

Note: The schedule of expenditures of federal awards is a summary of the activity of Community Volunteers Association's federal award programs presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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

To the Board of Directors of
Community Volunteers Association
1010 Common Street, Suite 3050
New Orleans, Louisiana 70112

We have audited the financial statements of Community Volunteers Association (a nonprofit organization) as of and for the year ended June 30, 2004, and have issued our report thereon dated August 20, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, 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 Community Volunteers Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Community Volunteers Association's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

ERICKSEN KRENTEL & LAPORTELLI

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

To the Board of Directors of
Community Volunteers Association
August 20, 2004

This report is intended solely for the information and use of management, the Board of Directors and the Louisiana Legislative Auditor, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specific parties. Under Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

August 20, 2004

Erickson, Krentel & LaPorte, LLP

Certified Public Accountants

ERICKSEN KRENTEL & LAPORTE L.L.P.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of
Community Volunteers Association
1010 Common Street, Suite 3050
New Orleans, Louisiana 70112

Compliance

We have audited the compliance of Community Volunteers Association, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. Community Volunteers Association's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Community Volunteers Association's management. Our responsibility is to express an opinion on Community Volunteers Association's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Volunteers Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Community Volunteers Association's compliance with those requirements.

In our opinion, Community Volunteers Association, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004

ERICKSEN KRENTEL & LA PORTE LLP

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

To the Board of Directors of
Community Volunteers Association
August 20, 2004

Internal Control Over Compliance

The management of Community Volunteers Association is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Community Volunteers Association's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

August 20, 2004

Erickson, Krentel & LaPorte, LLP

Certified Public Accountants

**COMMUNITY VOLUNTEERS ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Community Volunteers Association.
2. No reportable condition relating to the audit of the financial statements is reported in the Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the general financial statements of Community Volunteers Association were disclosed during the audit.
4. No reportable condition relating to the audit of the major federal award programs is reported in the Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for Community Volunteers Association expresses an unqualified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for Community Volunteers Association.
7. The programs tested as major programs were Temporary Assistance for Needy Families programs (CFDA number 93.558).
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Community Volunteers Association was determined to be a low risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAM AUDIT

None

**COMMUNITY VOLUNTEERS ASSOCIATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004**

B. FINDINGS – FINANCIAL STATEMENT AUDIT

REPORTABLE CONDITIONS

2003-1 Timeliness of Grant Financial Reports

Condition: During testing of major programs, it was noted that monthly grant reports were not filed by the required deadline.

Recommendation: Community Volunteers Association should set a deadline for the participants to submit the required information 5 days prior to the reporting deadline.

Current Status: All tested grant reports were filed on a timely basis.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

2003-2 Temporary Assistance for Needy Families Program

CFDA Number 93.558
Grant Number 576572/590083

Reportable Condition: As discussed at 2003-1, grant reports were not filed by the required deadline.

Current Status: All tested grant reports were filed on a timely basis.