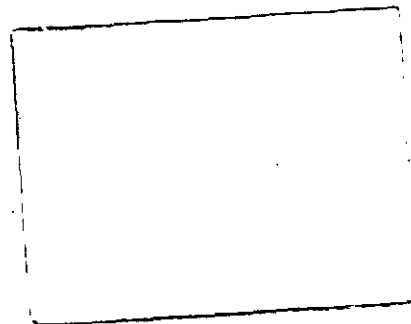


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REPORT  
REALIZATION, INCORPORATED  
JUNE 30, 2004



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 1-26-05

REALIZATION, INCORPORATED

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JUNE 30, 2004

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# HIENZ & MACALUSO, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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DAVID V. ERNST

MEMBERS

American Institute of Certified Public Accountants  
Society of Louisiana Certified Public Accountants

## ACCOUNTANT'S COMPILATION REPORT

December 17, 2004

Board of Directors  
Realization, Incorporated  
1210 Franklin Avenue  
New Orleans, LA 70117

We have compiled the accompanying statement of financial position of Realization, Incorporated as of June 30, 2004 and the related statements of activities and cash flows for the year then ended, and the accompanying supplementary information, which is presented only for supplementary analysis purposes, in accordance with 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 schedules information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on them.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report, dated December 17, 2004, on the results of our agreed-upon procedures.

HIENZ & MACALUSO, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
Metairie, Louisiana

**REALIZATION, INCORPORATED**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2004**  
**UNAUDITED**

ASSETS:

CURRENT ASSETS:

Cash:

Operating accounts \$ 9,266.43

Cash - restricted:

Special account 4,378.05

Total current assets 13,644.48

PROPERTY AND EQUIPMENT:

Furniture and equipment 11,041.12

Vans 66,786.00

Land 10,000.00

Building and renovations 130,000.00

Accumulated depreciation (125,535.21)

Total property and equipment 92,291.91

TOTAL ASSETS \$ 105,936.39

**SEE ACCOUNTANT'S COMPILATION REPORT**  
**AND ACCOMPANYING NOTES**

**REALIZATION, INCORPORATED**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2004**  
**UNAUDITED**

LIABILITIES AND NET ASSETS:

CURRENT LIABILITIES:

Accounts payable	\$ <u>5,047.24</u>
Total current liabilities	<u>5,047.24</u>
 TOTAL LIABILITIES	 <u>5,047.24</u>

NET ASSETS:

Unrestricted net assets	<u>100,889.15</u>
 TOTAL NET ASSETS	 <u>100,889.15</u>

TOTAL LIABILITIES AND NET ASSETS	\$ <u><u>105,936.39</u></u>
-------------------------------------	-----------------------------

**SEE ACCOUNTANT'S COMPILATION REPORT  
AND ACCOMPANYING NOTES**

**REALIZATION, INCORPORATED**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**UNAUDITED**

UNRESTRICTED NET ASSETS:	
UNRESTRICTED REVENUES:	
Contributions	\$ 2,826.90
Total unrestricted revenues	<u>2,826.90</u>
NET ASSETS RELEASED FROM RESTRICTIONS	
Satisfaction of program requirements	121,489.00
Total net assets released from restrictions	<u>121,489.00</u>
Total unrestricted revenues	<u>124,315.90</u>
EXPENSES:	
Program services	85,925.72
Supporting services:	
Administrative and general	21,481.43
Total expenses unrestricted net assets	<u>107,407.15</u>
Increase in unrestricted net assets	<u>16,908.75</u>
TEMPORARILY RESTRICTED NET ASSETS:	
New Orleans Council on Aging grant	49,703.00
Governor's Office of Urban Affairs grant	40,000.00
Department of Transportation and Development	23,186.00
Gain on sale of van	1,000.00
Net assets released from restrictions	<u>(121,489.00)</u>
Decrease in temporarily restricted net assets	<u>(7,600.00)</u>
TOTAL INCREASE IN NET ASSETS	9,308.75
Net assets at the beginning of the year	<u>91,580.40</u>
NET ASSETS AT THE END OF THE YEAR	<u>\$ 100,889.15</u>

**SEE ACCOUNTANT'S COMPILATION REPORT**  
**AND ACCOMPANYING NOTES**

**REALIZATION, INCORPORATED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**UNAUDITED**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	\$ 9,308.75
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	10,469.39
Receipt of Van from LA DOTD - recorded as revenue	(23,186.00)
Gain on sale of van	(1,000.00)
Increase in accounts payable	<u>4,004.46</u>
Net cash used by operating activities	<u>(403.40)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sale of van	<u>1,000.00</u>
Net cash provided by investing activities	<u>1,000.00</u>
NET INCREASE IN CASH	596.60
Cash at the beginning of the year	<u>13,047.88</u>
CASH AT THE END OF YEAR	<u><u>\$ 13,644.48</u></u>

**SEE ACCOUNTANT'S COMPILATION REPORT  
AND ACCOMPANYING NOTES**

REALIZATION, INCORPORATED  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004  
UNAUDITED

ORGANIZATION:

Realization, Incorporated (the Organization) was formed on January 10, 1975 to promote and effectuate the planning and delivery of social service programs including and incidental to services for the aged, housing, day care, adult education, pre-retirement assistance and research, employment and education in the City of New Orleans. The Organization's main sources of revenue are state and federal grants and unrestricted contributions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting and Presentation:

The financial statements are prepared on the accrual basis of accounting. Accordingly, revenue is recorded when earned and expenses are recorded when incurred.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards No. 117, *Financial Statements for Not-for-Profit Organizations*.

The statement of activities presents expenses of the organization functionally between program services and administrative and general services. Those expenses which cannot be functionally categorized are allocated between functions based upon management's estimate of usage applicable to conducting those functions.

Statement of Cash Flows:

As required by generally accepted accounting principles, the financial statements include a statement of cash flows showing cash provided and used by operating, investing, and financing activities.

For purposes of implementing the cash flow statement, the Organization has defined cash equivalents as those amounts included in the statement of financial position caption "Cash".

A non-cash investing activity occurred during 2004 – A van was received from the Department of Transportation and Development (DOTD) \$ 23,186 (value net of \$ 7,600 deposit by the Organization).



REALIZATION, INCORPORATED  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004  
UNAUDITED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Income Taxes:

The Organization has been determined to be tax exempt under Section 501(c)(3) of the Internal Revenue Code.

Cash - Restricted:

The use of cash received from grantors is restricted to the payment of expenses for activities of the Organization's grant agreements.

Property and Equipment:

Property and Equipment is stated at cost and is depreciated over the estimated useful life of five years for furniture, equipment and vans, ten years for renovations and thirty years for the building, using the straight-line method of depreciation. For the year ended June 30, 2004, depreciation expense was \$ 10,469.39.

Donated services:

The Organization receives a substantial amount of services donated by its members and from the members of the community. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*.

2. MANAGEMENT'S ESTIMATES AND ASSUMPTIONS:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

3. GRANT REVENUE:

The Organization received grant revenue from two sources to perform services for

REALIZATION, INCORPORATED  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004  
UNAUDITED

the elderly. The State of Louisiana, Governor's Office of Urban Affairs and Development grant is for one year and expired June 30, 2004. The Organization recorded revenue in the amount of \$ 40,000 for 2004 under this grant. This grant has been awarded to the Organization for an additional year, expiring June 30, 2005.

The Organization also has a grant with the New Orleans Council on Aging in the amount of \$ 49,703. This grant also expired on June 30, 2004. This grant was also awarded to the Organization for an additional year, expiring on June 30, 2005.

Total grant revenue for the year ended June 30, 2004 was \$ 89,703.

The Organization also recorded revenue from the DOTD for the year ended June 30, 2004. The DOTD donated a van to the Organization under the terms of an agreement whereby the Organization provided matching funds in the amount of \$ 7,600.

On March 31, 2001 the Organization contracted with the DOTD for delivery of a van. The contract requires the DOTD to deliver the van if the Organization provides matching funds in the amount of \$ 7,600. However, because of a bid protest, the Division of Administration could not award the Fiscal Year 2001-2002 state vehicle contract and these funds could not be carried over into the state's new fiscal year (FY 02-03). Therefore, a refund check was issued to the Organization in the amount of \$ 7,600 on June 20, 2002. The Organization reissued the check to the Department of Transportation for the specified amount, \$ 7,600, on September 18, 2002. The van was delivered and placed in service in November 2003 and revenue from the State of Louisiana was recognized in the amount of \$ 23,186. The van will be capitalized at its fair market value of \$ 30,786 (\$ 23,186 donation plus \$ 7,600 matching amount paid by the Organization).

4. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets has consisted of remaining cash from grants, prepaid expenses and deposits on van less current liabilities. Temporarily restricted net assets were \$ 0 as of June 30, 2004.

5. NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets are released from temporary donor restrictions by incurring expenses satisfying the restricted purpose. Net assets released from restrictions for the year ending June 30, 2004 amounted to \$ 121,489.

REALIZATION, INCORPORATED  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004  
UNAUDITED

6. CONCENTRATION OF REVENUE:

The Organization receives a substantial amount of its revenue from federal and state agencies in the form of grants. A significant reduction in the level of this revenue, if this were to occur, may have an effect on the Organization's programs and activities.

**REALIZATION, INCORPORATED  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED JUNE 30, 2004  
 UNAUDITED**

GRANTOR	PROGRAM DESCRIPTION	CONTRACT PERIOD	REVENUE	EXPENSE
New Orleans Council on Aging	* To provide various services for the elderly	07/01/03 - 06/30/04	\$ 49,703.00	\$ 49,703.00
Department of Transportior and Development (1)	* To provide a van for transportation	6/30/2004	\$ 23,186.00	not applicable
Governor's Office of Urban Affairs and Development	* To provide various services for the elderly	07/01/03 - 06/30/04	\$ 40,000.00	\$ 40,000.00

\*These grants are State of Louisiana grants.

(1) The Organization received a van from the Department of Transportation - total value \$ 30,786; the Organization provided a \$ 7,600 match as part of the agreement.

**REALIZATION, INCORPORATED  
SUPPLEMENTARY INFORMATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2004  
UNAUDITED**

	<u>PROGRAM</u>	<u>GENERAL AND ADMINISTRATIVE</u>	<u>TOTAL ALL FUNCTIONAL CATEGORIES</u>
<b>EXPENSES:</b>			
Accounting	\$ 8,800.00	\$ 2,200.00	\$ 11,000.00
Bank charges	347.00	86.75	433.75
Contract labor	11,970.81	2,992.70	14,963.51
Depreciation	8,375.51	2,093.88	10,469.39
Insurance	16,392.10	4,098.03	20,490.13
Office	4,220.95	1,055.24	5,276.19
Payroll taxes	2,347.82	586.95	2,934.77
Repairs & maintenance	6,853.18	1,713.29	8,566.47
Salaries	18,328.83	4,582.21	22,911.04
Telephone	1,324.28	331.07	1,655.35
Utilities	3,057.06	764.27	3,821.33
Van repairs & maintenance	3,908.18	977.04	4,885.22
	<u>85,925.72</u>	<u>21,481.43</u>	<u>107,407.15</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 85,925.72</b>	<b>\$ 21,481.43</b>	<b>\$ 107,407.15</b>

**SEE ACCOUNTANT'S COMPILATION REPORT  
AND ACCOMPANYING NOTES**



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MEMBERS  
American Institute of Certified Public Accountants  
Society of Louisiana Certified Public Accountants

## Independent Accountant's Report on Applying Agreed-Upon Procedures

December 17, 2004

To the Board of Directors  
Realization, Incorporated  
1210 Franklin Avenue  
New Orleans, LA 70117

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Realization, Incorporated, the Legislative Auditor, State of Louisiana, and applicable state grantor agency/agencies solely to assist the users in evaluating management's assertions about Realization, Incorporated's compliance with certain laws and regulations during the year ended June 30, 2004 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.

### 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.

Realization, Incorporated's Federal, State and Local award expenditures for all programs for the fiscal year follow:

#### Federal Awards:

Federal Grant Name	Grant Year	CFDA No.	Amount
NONE			\$ -
Total Federal Awards			\$ -

**State awards:**

State Grant Name	Grant Year	CFDA No.	Amount
Governor's Office of Urban Affairs and Development	6/30/2004	N/A	\$ 40,000.00
Department of Transportation and Development	6/30/2004	N/A	\$ 23,186.00
New Orleans Council on Aging	6/30/2004	N/A	49,703.00
Total State Awards (Louisiana)	6/30/2004		\$ 112,889.00

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

*We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.*

4. For the items selected in procedure 2, we determined if the six disbursements were properly coded to the correct fund and general ledger account.

*All of the payments were properly coded to the correct fund and general ledger account.*

5. For the items selected in procedure 2, we determined whether the six disbursements received approval from proper authorities.

*Inspection of documentation supporting each of the six selected disbursements indicated approvals from the executive director and the chairman of the board. In addition, each of the disbursements were traced to Realization Incorporated's minute book where they were approved by the full board.*

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 state and local awards, we determined whether the disbursements complied with the grant agreement, relating to:

**Activities allowed or unallowed:**

*We reviewed the previously listed disbursements for types of services allowed or not*

*allowed. All disbursements reviewed were for allowed activities.*

### Eligibility

*We reviewed the previously listed disbursements for eligibility requirements. All disbursements reviewed were within program guidelines and were therefore considered eligible expenses.*

### Reporting

*We reviewed the previously listed disbursements for reporting requirements. All disbursements reviewed were correctly reported on reimbursement reports or other reports required by each grant.*

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

*The six disbursements selected included two grants that were closed out during the period of our review. We compared the close-out reports for these two grants with the organization's financial records. The amounts reported on the close-out reports agreed to the organization's financial records.*

### 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).

*Realization, Incorporated is only required to post a notice of each meeting and the accompanying agenda at their office. Although management has asserted that such documents were properly posted, 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 included the purpose and duration, and for state grants included specific goals and objectives that included measures of performance.

*Realization, Incorporated provided comprehensive budgets to the applicable state grantor agencies for the programs mentioned previously. These budgets specified the*



*anticipated uses of the funds, estimates of the duration of the projects, and plans showing specific goals and objectives that included measures of performance.*

**Prior Comments and Recommendations**

10. We reviewed any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

*There were no prior year findings.*

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 Realization, Incorporated, the Legislative Auditor (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.

*Hienz & Macaluso, LLC*

**HIENZ & MACALUSO, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
Metairie, Louisiana

## LOUISIANA ATTESTATION QUESTIONNAIRE

December 20, 2004

HIENZ & MACALUSO, LLC  
3045 RIDGELAKE DR., SUITE 100  
METAIRIE, LA 70002

In connection with your compilation of our financial statements as of June 30, 2004 and for the period 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 December 20, 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 un-allowed, 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.

Michael L. George Secretary December 21, 05 Date \_\_\_\_\_

Viola F. Williams **BOARD MEMBER** Treasurer Dec. 21, Date 2004

Henry M. Williams President Dec. 21, Date 2004