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**URBAN SUPPORT AGENCY, INC.
SHREVEPORT, LOUISIANA**

**REPORT OF EXAMINATION OF FINANCIAL STATEMENTS
INTERNAL CONTROL AND COMPLIANCE**

JUNE 30, 2004

**JERRY L. WHITE
CERTIFIED PUBLIC ACCOUNTANT
1101 FROST HOLLOW DRIVE
DESOTO, TEXAS 75115
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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 2/2/05

URBAN SUPPORT AGENCY, INC.
SHREVEPORT, LOUISIANA

REPORT OF EXAMINATION OF FINANCIAL STATEMENTS
INTERNAL CONTROL AND COMPLIANCE
JUNE 30, 2004

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JERRY L. WHITE
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Urban Support Agency, Inc.
Shreveport, Louisiana


I have audited the accompanying statement of financial position of Urban Support Agency, Inc., a non-profit corporation, as of June 30, 2004, and the related statement of activities and cash flows for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Urban Support's management. My responsibility is to express an opinion on these financial statements based on my audit.

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 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 Urban Support Agency, Inc., as of June 30 2004, and the results of its operations and 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, I have also issued my report dated December 31, 2004, on my consideration of Urban Support Agency, Inc.'s internal control over financial reporting and my 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 my audit.

The accompanying financial information listed as supplementary financial information in the table of contents is presented for 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 the financial statements and, in my opinion, is fairly stated in all material respects, in relation to the financial statements as a whole.



JERRY L. WHITE
Certified Public Accountant

December 31, 2004

URBAN SUPPORT AGENCY, INC.
 SHREVEPORT, LOUISIANA
 ALL FUND TYPES AND ACCOUNT GROUPS
 STATEMENT OF FINANCIAL POSITION
 For the Fiscal Year Ended June 30, 2004

	Urban Support Agency Fund	Urban Support Agency Fund TANF	Urban Support Special Fund	Accounts Group General Fixed Assets	Total (Memorandum Only)	2003 Total
ASSETS						
Cash	5,041				5,041	499
Grant Receivable (3)						4693
Accounts Receivable						
Furniture and Equipment				20,952	20,952	20,952
Automobiles						
Land						
Building						
Amt to be provided for retirement of general long-term debt (5)						
TOTAL ASSETS	5,041			20,952	25,993	26,144
LIABILITIES AND FUND EQUITY						
Liabilities:						
Bank Overdraft		1,605			1,605	7
Security Deposit						
Accounts Payable	5,063				5,063	1000
Salaries Payable						2652
Taxes Payable		335			335	1,329
Loan Payable		125			125	400
Total Liabilities	5,063	2,065			7,128	5,388
Fund Equity:						
Investment in General Fixed Assets						
Fund Balance:						
Unreserved	(22)	(2,065)		20,952	18,865	20,756
Total Fund Equity	(22)	(2,065)		20,952	18,865	20,756
TOTAL LIABILITIES AND FUND EQUITY	5,041			20,952	25,993	26,144

The accompanying notes are an integral part of this statement

URBAN SUPPORT AGENCY, INC.
SHREVEPORT, LOUISIANA

COMBINED STATEMENT OF ACTIVITY
For the Fiscal Year Ended June 30, 2004

	<u>Urban Support Agency Fund</u>	<u>Urban Support Agency Fund TANF</u>	<u>Urban Support Special Fund</u>	<u>Total (Memorandum Only)</u>	<u>2003 Total</u>
<u>REVENUES:</u>					
Intergovernmental	73,193	142,776		215,969	124,882
Interest Income					
Rental Income					
Donations					
Other					
TOTAL REVENUES	73,193	142,776		215,969	124,882
<u>EXPENDITURES:</u>					
Personnel	30,391	114,442		144,833	94,153
Travel	526	811		1,337	1,799
Operating Services	4,565	9,338		13,903	5,927
Operating Supplies	607	8,973		9,580	5,791
Professional Services					
Capital Outlays	2,250	2,727		4,977	3,500
Other Costs	35,300	7,930		43,230	13,798
TOTAL EXPENDITURES	73,639	144,221		217,860	124,968
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(446)	(1,445)		(1,891)	(86)
FUND BALANCE, BEGINNING	424	(620)		(196)	(110)
FUND ADJUSTMENTS					
INTERFUND TRANSFER					
FUND BALANCE, ENDING	(22)	(2,065)		(2,087)	(196)

The accompanying notes are an integral part of this statement

URBAN SUPPORT AGENCY, INC.
SHREVEPORT, LOUISIANA

COMBINED STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2004

	Urban Support Agency Fund	Urban Support Agency Fund TANF	Urban Support Special Fund	Total (Memorandum Only)	2003 Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Excess (Deficiency) of Revenues over Expenditures	(446)	(1,445)		(1,891)	(86)
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Cash flows reported in other categories					
Depreciation					
Change in assets and liabilities					
Receivables (net)	4,693			4,693	(4,693)
Receivables from other funds					
Prepaid Expenses					
Accounts Payable	1,411	1,598		3,009	3,455
Taxes Payable	(1,116)	122		(994)	1,329
Loan Payable		(275)		(275)	400
Tenant Security Deposit					
Total Cash InFlows	4,542			4,542	405
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of capital assets					
Purchases of capital assets					
Building Improvements					
Proceeds from CBDG Grant					
Proceeds from capital debt					
Principal paid on capital debt					
Net cash provided (used) by capital a related financing activities					
INCREASE (DECREASE) IN CASH	4,542			4,542	405
UNRESTRICTED CASH @ 7/01/03	499		65	564	94
INTERFUND TRANSFER					
UNRESTRICTED CASH @ 6/30/03	5,041		65	5,106	499

The accompanying notes are an integral part of this statement

URBAN SUPPORT AGENCY, INC.
SHREVEPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Presentation of Statements:

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In November of 1984, the GASB issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments.

The accompanying financial statements conform to generally accepted accounting principles for local government entities as prescribed by Statement 1, Governmental Accounting and Financial Reporting Principles published by the National Council on Governmental Accounting; Audits of State or Local Governmental Units, the industry audit guide issued by the American Institute of Certified Public Accountants; Section 800 - Fiscal Requirements, Appendix A, accounting manual for the Governor's Office of Elderly Affairs; and the revised Louisiana Municipal Audit and Accounting Guide.

B. Organization:

Urban Support Agency, Inc. was incorporated on July 19, 1996, Inc., in Shreveport, Louisiana for civic and charitable purposes. The Board of Directors is composed of seven members. The board officers for the year ended June 30, 2004, were Mr. Raymond Green, Chair, and Mr. Fred Moss, Vice Chairperson, Ms. Tammy Phelps, Treasurer. Board members are not compensated.

C. Fund Accounting:

Urban Support Agency Inc. uses fund and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental financed functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

URBAN SUPPORT AGENCY, INC.
SHREVEPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Fund Accounting (continued):

The funds are grouped in the financial statements of this report, into one generic fund type as follows:

(1) Urban Support Agency Grant Fund

The Urban Support Agency Grant Fund is used to account for proceeds of the grant received from the Louisiana Office of Urban Affairs. These monies are used to fund an educational program which primary focus is to improve student achievement, and promote student mastery of the core curriculum. This is measured by higher scores on national standardized tests.

(2) Urban Support Agency Fund – TANF

The Urban Support Agency Fund – TANF (Temporary Assistance for Needy Families) Education and Training Program is used to account for proceeds received from the Louisiana Department of Education. These funds are used to provide education and training in regards to teen pregnancy prevention.

(3) Urban Support Agency Special Fund

The Urban Support Agency Special Fund is used to account for proceeds from contributions and other activities outside of state grants. The proceeds are used to augment grant funds received from the state of Louisiana in meeting USA's objectives and performance.

D. Basis of Accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All funds utilized by Urban Support Agency, Inc. are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

URBAN SUPPORT AGENCY, INC.
SHREVEPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Basis of Accounting (Continued):

The modified accrual basis of accounting is used by all funds appearing in this financial report. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Urban Support Services, Inc. considers revenue available if it is collected within 60 days after year-end. Those revenues susceptible to accrual are intergovernmental and contributions from private sources. Expenditures are recorded when the related fund liability is incurred.

E. Budgets and Budgetary Accounting:

Urban Support Agency, Inc. generally follows these procedures in establishing the budgetary data reflected in these financial statements:

1. Management, with technical assistance provided by the State of Louisiana Office of Urban Affairs, prepares a proposed budget and submits the same to the Board of Directors for approval prior to the beginning of each fiscal year.
2. Budgetary amendments involving the transfer of funds from one program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require approval of the Board of Directors.
3. All budgetary appropriations lapse at the end of each fiscal year.
4. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Directors or the Louisiana Office of Urban Affairs.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Expenditures can legally exceed appropriations, but not more than 5%.

URBAN SUPPORT AGENCY, INC.
SHREVEPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Expenditures - Actual and Budget:

The following individual fund had actual expenditures over budgeted expenditures for the year ended June 30, 2004.

Urban Support Agency Fund – TANF	\$ 1,445
Urban Support Agency Fund	\$ 446

G. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in grant funds, and the related assets are reported in the general fixed assets accounts group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related assets, as applicable.

H. Cash

All cash funds are covered by FDIC insurance at a federally insured financial institution.

I. *Accrued Vacation Liability*

The current policy of Urban Support Agency, Inc. does not provide for the accumulation of earned leave by employees; therefore, these financial statements do not contain a provision for accrued vacation.

J. Total Columns on Combined Statements - Overview

Total columns on the Combined Statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

URBAN SUPPORT AGENCY, INC.
SHREVEPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

K. Summarized Financial Information for 2003

The financial information for the year ended June 30, 2003, presented for comparative purposes, is not intended to be a complete financial statement presentation.

(2) FUNDING

Urban Support Agency, Inc. was funded by the Louisiana Office of Urban Affairs, receiving \$73,193 for the fiscal year ended June 30, 2004 for the Grant Program, and from the Louisiana Department of Education, receiving \$142,776 for the TANF program.

(3) GRANTS RECEIVABLE

NONE

(4) INCOME TAX STATUS

Urban Support Agency, Inc., a non-profit corporation, is exempt from federal income taxation under Section 501 (c) (3) of the Internal Revenue Code.

(5) CHANGES IN LONG - TERM DEBT

Urban Support Agency had no long-term debt during the fiscal year ended June 30, 2004.

(6) JUDGMENTS, CLAIMS, AND SIMILAR CONTINGENCIES

There is no litigation pending against Urban Support Agency at June 30, 2004. Furthermore, Urban Support Agency' management believes that any potential lawsuits would be adequately covered by insurance.

URBAN SUPPORT AGENCY, INC.
SHREVEPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

(6) JUDGMENTS, CLAIMS, AND SIMILAR CONTINGENCIES (Continued)

Urban Support Agency receives revenues from various State grant programs that are subject to final review and approval as to allowability of expenditures by the respective grantor agencies. Any settlements or expenses arising out of a final review are recognized in the period in which agreed upon by the agency and Urban Support Agency. Also, it is management's opinion that any audits by the grantor agencies would not produce disallowed program costs and liabilities to such an extent that they would materially affect Urban Support Agency' financial position.

S U P P L E M E N T A R Y
I N F O R M A T I O N

URBAN SUPPORT AGENCY, INC.
SHREVEPORT, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE BUDGET (GAAP BASIS) AND ACTUAL
URBAN SUPPORT AGENCY FUND
For the Fiscal Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (unfavorable)</u>
<u>REVENUES:</u>			
Intergovernmental	73,193	73,193	
Interest Income			
Rental Income			
Donations			
Other			
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	73,193	73,193	
 <u>EXPENDITURES:</u>			
Personnel	28,961	30,391	(1,430)
Travel	545	526	19
Operating Services	4,275	4,565	(290)
Operating Supplies	612	607	5
Professional Services			
Capital Outlays	2,250	2,250	
Other Costs	36,550	35,300	1,250
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	73,193	73,639	(446)
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 <hr/>	 <hr/> (446)	 <hr/> (446)
 FUND BALANCE, BEGINNING		 <hr/> 424	 <hr/> 424
 INTERFUND TRANSFER	 <hr/>	 <hr/>	 <hr/>
 FUND BALANCE, ENDING	 <hr/> <hr/>	 <hr/> (22) <hr/>	 <hr/> (22) <hr/>

The accompanying notes are an integral part of this statement

URBAN SUPPORT AGENCY, INC.
SHREVEPORT, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE BUDGET (GAAP BASIS) AND ACTUAL
URBAN SUPPORT AGENCY FUND TANF
For the Fiscal Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (unfavorable)</u>
<u>REVENUES:</u>			
Intergovernmental	120,000	142,776	22,776
Interest Income			
Rental Income			
Donations			
Other			
TOTAL REVENUES	120,000	142,776	22,776
 <u>EXPENDITURES:</u>			
Personnel	101,338	114,442	(13,104)
Travel	1,500	811	689
Operating Services	9,180	9,338	(158)
Operating Supplies	3,982	8,973	(4,990)
Professional Services			
Capital Outlays		2,727	(2,727)
Other Costs	4,000	7,930	(3,930)
TOTAL EXPENDITURES	120,000	144,221	(24,221)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		(1,445)	(1,445)
FUND BALANCE, BEGINNING			
INTERFUND TRANSFER			
FUND BALANCE, ENDING		(1,445)	(1,445)

The accompanying notes are an integral part of this statement

JERRY L. WHITE
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENTAL AUDITING STANDARDS

Board of Directors
Urban Support Agency, Inc.
Shreveport, Louisiana

I have audited the financial statements of Urban Support Agency, Inc., Shreveport, Louisiana as of and for the year ended June 30, 2004, and have issued my report thereon dated December 31, 2004. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

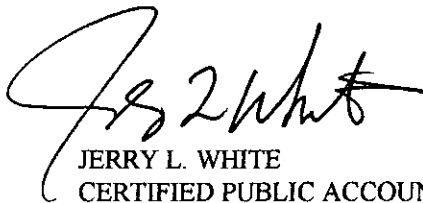
Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of Urban Support's compliance with certain provisions of laws, regulations, contracts, and grants, non-compliance 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 Governmental Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Urban Support'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. My 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 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the audit committee, management, and the state of Louisiana Legislative Auditor's office, and federal awarding agencies and pass-through entities. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in black ink, appearing to read "Jerry L. White". The signature is fluid and cursive, with a large initial "J" and "W".

JERRY L. WHITE
CERTIFIED PUBLIC ACCOUNTANT

December 31, 2004

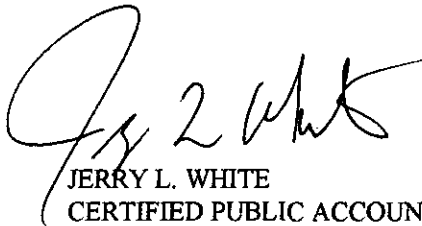
JERRY L. WHITE
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MANAGEMENT LETTER COMMENTS

Board of Directors
Urban Support Agency, Inc.
Shreveport, Louisiana

THERE ARE NO MANAGEMENT LETTER COMMENTS FOR URBAN SUPPORT AGENCY INC.
FOR THE YEAR ENDED JUNE 30, 2004. PLEASE SEE SUMMARY OF PRIOR YEAR FINDINGS
FOR FOLLOW-UP ON PRIOR YEAR FINDINGS.



JERRY L. WHITE
CERTIFIED PUBLIC ACCOUNTANT

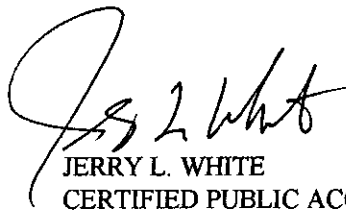
December 31, 2004

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MANAGEMENT'S CORRECTIVE ACTION PLAN

THERE WERE NO AUDIT FINDINGS AND/OR COMMENTS FOR THE YEAR ENDED JUNE 30, 2004, AND THEREFORE A MANAGEMENT CORRECTIVE ACTION PLAN WAS NOT APPLICABLE.



JERRY L. WHITE
CERTIFIED PUBLIC ACCOUNTANT

December 31, 2004

JERRY L. WHITE
Certified Public Accountant

1101 Frost Hollow Drive
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SUMMARY OF PRIOR YEAR FINDINGS

THERE WERE NO AUDIT FINDINGS AND/OR COMMENTS FOR THE YEAR ENDED JUNE 30, 2003, AND THEREFORE THERE ARE NO PRIOR YEAR FINDINGS.



JERRY L. WHITE
CERTIFIED PUBLIC ACCOUNTANT

December 31, 2004