

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Central City Economic Opportunity Corporation
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of **Central City Economic Opportunity Corporation (CCEOC)**, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Central City Economic Opportunity Corporation
New Orleans, Louisiana

Auditors' Responsibility, Continued

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of CCEOC's financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to CCEOC's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CCEOC's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements previously referred to present fairly, in all material respects, the financial position of CCEOC as of December 31, 2020, and the changes in its net assets, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Central City Economic Opportunity Corporation
New Orleans, Louisiana

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 2, 2021 on our consideration of CCEOC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CCEOC's internal control over financial reporting and compliance.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

August 2, 2021

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

Current Assets:	
Cash (NOTE 2)	\$ -0-
Contribution receivable (NOTE 4)	189,623
Investment (NOTES 5, 13 and 16)	105,915
Accrued interest receivable (NOTE 22)	<u>25,441</u>
Total current assets	<u>320,979</u>
Noncurrent Assets:	
Property, building and equipment, net (NOTE 7)	99,091
Accrued interest receivable (NOTE 22)	379,492
Note receivable (NOTE 21)	<u>539,000</u>
Total noncurrent assets	<u>1,017,583</u>
Total assets	<u>\$1,338,562</u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Bank overdraft	\$ 6,191
Accounts payable vendors	2,589
Other payables	708
Salaries payable	29,173
Payroll taxes and withholdings	3,957
Compensated absences-current portion (NOTE 8)	22,716
Line of credit (NOTE 16)	27,354
Note payable (NOTE 9)	250,000
Refundable advance (NOTE 10)	<u>178,840</u>
Total current liabilities	<u>521,528</u>
Noncurrent Liabilities:	
Compensated absences-non-current portion (NOTE 8)	<u>11,218</u>
Total noncurrent liabilities	<u>11,218</u>
Total liabilities	<u>532,746</u>
COMMITMENTS AND CONTINGENCIES (NOTES 15 and 17)	
Net Assets:	
Without donor restrictions	<u>805,816</u>
Total net assets	<u>805,816</u>
Total liabilities and net assets	<u>\$1,338,562</u>

The accompanying notes are an integral part of these financial statements.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>
OPERATING ACTIVITIES:	
Contributions:	
Federal and other (NOTE 11)	\$1,423,945
Donations	5,766
In-kind revenue (NOTE 12)	<u>31,913</u>
Total operating income	<u>1,461,624</u>
EXPENSES:	
Program services	1,649,189
Supporting services	<u>22,220</u>
Total operating expenses	<u>1,671,409</u>
Change in net assets from operating activities	<u>(209,785)</u>
NON-OPERATING ACTIVITIES:	
Fees	235
Interest income	25,547
Other income	<u>8,891</u>
Change in net assets from non-operating activities	<u>34,673</u>
Change in net assets from operating and non-operating activities	(175,112)
Net assets, beginning of the year as previously reported	332,436
Prior period adjustment NOTE (23)	<u>648,492</u>
Net assets, beginning of year as restated	<u>980,928</u>
Net assets, end of year	<u>\$ 805,816</u>

The accompanying notes are an integral part of these financial statements.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
Salaries	\$ 975,895	\$ 5,222	\$ 981,117
Fringe benefits	150,988	400	151,388
In-kind expenses (NOTE 11)	31,913	-0-	31,913
Professional fees	69,016	3,150	72,166
Supplies	97,795	6	97,801
Telephone	44,678	-0-	44,678
Occupancy	43,122	2,853	45,975
Insurance	58,102	-0-	58,102
Repairs and maintenance	116,016	2,408	118,424
Software	272	-0-	272
Automobile	34,707	-0-	34,707
Office equipment	17,567	-0-	17,567
Depreciation	-0-	7,756	7,756
Other	1,470	425	1,895
Printing	<u>7,648</u>	<u>-0-</u>	<u>7,648</u>
Total	<u>\$1,649,189</u>	<u>\$22,220</u>	<u>\$1,671,409</u>

The accompanying notes are an integral part of these financial statements.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$(175,112)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	7,756
Changes in assets and liabilities:	
Increase in contribution receivable	(43,338)
Decrease in accounts payable vendors	(22,371)
Decrease in compensated absences	(2,168)
Increase in salaries payable	7,108
Decrease in payroll taxes and withholdings	(5,740)
Increase in accrued interest receivable	(25,441)
Increase in bank overdraft	<u>6,191</u>
Net cash used in operating activities	<u>(253,115)</u>

CASH FLOWS FROM IN INVESTING ACTIVITIES:

Purchase of investment	<u>(106)</u>
Cash used in investing activities	<u>(106)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from loan	178,840
Proceeds from line of credit	<u>27,354</u>
Cash provided by financing activities	<u>206,194</u>
Net decrease in cash	(47,027)
Cash, beginning of year	<u>47,027</u>
Cash, end of year	<u>\$ -0-</u>

NONCASH FLOWS FROM INVESTING ACTIVITIES:

Recordation of Prior Period Adjustment for:	
Note receivable	<u>\$ 539,000</u>
Accrued interest receivable	<u>\$ 379,492</u>
Investment in real estate	<u>\$(279,000)</u>

The accompanying notes are an integral part of these financial statements.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities

Central City Economic Opportunity Corporation (CCEOC) was organized to promote and develop economic opportunity to those in need of increased economic opportunity; to promote the education and welfare of the people of the community; and to form special interest groups as it deems necessary to solve special problems of the community.

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

Basis of Accounting

The financial statements of **CCEOC** are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, 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 reporting period. Actual results could differ from those estimates.

Statement of Cash Flows

For purposes of the statement of cash flows, **CCEOC** considers all highly liquid investments with an original maturity of ninety (90) days or less when purchased to be cash equivalents. At December 31, 2020, **CCEOC** had no cash equivalents.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Presentation of Financial Statements

The Financial Accounting Standards Board (FASB) issued Accounting Standards update No. 2016-14 affecting ASC 958, *Not-for-Profit Entities*, which established standards for external financial reporting by not-for-profit organizations. The primary objective of this update was to make certain improvements to the current reporting practices of not-for-profit entities. **CCEOC** has implemented the requirements of this update in the accompanying financial statements.

CCEOC's financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958 and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit Guide for Not-for-Profit Organizations" (the Guide) update No. 2016-14. ASC 958-205 was effective January 1, 2018. Under provisions of the Guide net assets of **CCEOC** are classified to present the following based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of **CCEOC** are classified as follows:

- Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of **CCEOC**. **CCEOC's** board may designate assets without restrictions for specific operational purposes from time to time. Some donor restrictions are temporary in nature; those restrictions will be met by actions of **CCEOC** or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.
- Net assets with donor restrictions include contributions for which donor-imposed time and/or purpose restrictions have not been met.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Functional Allocation of Expenses

The costs of providing CCEOC's various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefitted. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries and related benefits	Time and effort
Occupancy	Square footage
Professional fees	Full time equivalent
Other	Time and effort

Revenue Recognition

For financial reporting, CCEOC recognizes all contributed support as income in the period received. Contributed support is reported as without donor restrictions or with donor restriction 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activity as net assets released from restrictions.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Contribution Receivable

CCEOC considers receivables to be fully collectible since the balance consists principally of payments due under governmental contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to CCEOC's ongoing activities. Non-operating activities are limited to resources that generate return from investments, financing costs, and other activities considered to be a more unusual or nonrecurring nature.

Property and Equipment

CCEOC records property and equipment at cost. Donated assets are recorded at estimated value at date of donation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on the straight-line method.

It is the policy of CCEOC to capitalize all property, furniture, and equipment with an acquisition cost in excess of \$5,000.

Property and equipment acquired using the Headstart Program funds are accounted for pursuant to 45 C.F.R. §75.316. As such, and based on CCEOC's contractual obligation with Total Community Action, Inc. regarding real property and equipment, all acquisitions are expensed in the year of acquisition.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Note Receivable

Note receivable is recorded based on value received. Allowance for uncollectible amounts is based on periodic evaluation by management of the related risk to include other economic factors.

Fair Values of Financial Investments

Cash and cash equivalent amounts reported in the statement of financial position approximate fair value because of the short maturities of those investments.

Income Taxes

CCEOC is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Therefore, no provision for income taxes is made in the accompanying financial statements. Should CCEOC's tax status be challenged in the future, CCEOC's 2017, 2018 and 2019 tax years are open for examination by the Internal Revenue Service.

Recent Pronouncements:

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) Standards Update - 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease terms, and a lease liability for the payments to be made to lessor, on its balance sheet for all operating leases greater than twelve (12) months. The revised implementation date voted on by the FASB for ASU 2016-02 will now be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021. CCEOC has not assessed the potential impact of this guidance on its financial statements.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - CASH:

At December 31, 2020 the carrying amount of CCEOC's deposits was \$-0- and the collected bank balance was \$38,638. The cumulative collected bank balance at December 31, 2020 is covered by federal deposit insurance up to \$250,000. Custodial credit risk is the risk that, in the event of a failure by the financial institution, CCEOC's deposits may not be returned to it. At December 31, 2020, CCEOC's was executed bank balance fully insured against credit risk.

NOTE 3 - ECONOMIC DEPENDENCY:

During the year ended December 31, 2020, CCEOC received approximately 86% of its Federal grants from Total Community Action, Inc. (TCA) through a pass-through federal award. If the amount of revenues received from TCA were to fall below contract levels, CCEOC's operating results could be adversely affected.

NOTE 4 - CONTRIBUTION RECEIVABLE:

Contribution receivable at December 31, 2020 consisted of the following:

New Orleans Council on Aging, Inc.	\$ 29,158
Total Community Action, Inc.	154,242
State of Louisiana Department of Education	<u>6,223</u>
	<u>\$189,623</u>

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - INVESTMENT:

At December 31, 2020, CCEOC's investment of \$105,915 consists of one 12-month certificate of deposit that matures March 23, 2022 at an interest rate of 1.0%. The investment is presented on the financial statements at fair value. Carrying value is estimated to approximate fair value. See NOTE 13 for additional discussion.

NOTE 6 - AVAILABILITY AND LIQUIDITY:

CCEOC's financial assets available within one year of the statement of financial position date for general expenses are as follows:

Investment	\$ 105,915
Contribution receivable	<u>189,623</u>
Total financial assets	295,538
Less payable	<u>(342,688)</u>
Net	\$ <u>(47,150)</u>

CCEOC's financial assets have been reduced by amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position.

As part of CCEOC's liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. In addition, CCEOC invests cash in excess of projected requirements in investments.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 7 - PROPERTY, BUILDING AND EQUIPMENT, NET:

Property, building, and equipment at December 31, 2020 consisted of the following:

	Balance January 1, <u>2020</u>	<u>Addition</u>	<u>Retirement</u>	Balance December 31, <u>2020</u>
Land	\$ 79,050	\$ -0-	\$-0-	\$ 79,050
Building	77,566	-0-	-0-	77,566
Vehicles	160,443	-0-	-0-	160,443
Furniture and office equipment	<u>45,892</u>	<u>-0-</u>	<u>-0-</u>	<u>45,892</u>
	362,951	-0-	-0-	362,951
Less: accumulated depreciation	<u>(256,104)</u>	<u>(7,756)</u>	<u>-0-</u>	<u>(263,860)</u>
	<u>\$ 106,847</u>	<u>\$(7,756)</u>	<u>\$-0-</u>	<u>\$ 99,091</u>

Depreciation expense for the year ended December 31, 2020 was \$7,756.

NOTE 8 - COMPENSATED ABSENCES:

CCEOC records annual leave earned but not used by employees in the period in which leave is earned. At December 31, 2020, accrued leave totaled \$33,934 which consisted of the following classification:

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Beginning	\$ 22,383	\$13,719	\$ 36,102
Addition	31,193	12,775	43,968
Deduction	<u>(30,860)</u>	<u>(15,276)</u>	<u>(46,136)</u>
Ending	<u>\$ 22,716</u>	<u>\$ 11,218</u>	<u>\$ 33,934</u>

The noncurrent portion due within a year is \$-0-.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - NOTE PAYABLE:

Note payable at December 31, 2020 consisted of the following:

Note payable to City of New Orleans, at a 3% interest rate, due December, 2021. The note for \$539,000 is secured by a second mortgage on real estate, the Handleman building.	\$250,000
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The note payable to the City of New Orleans does not start to accrue interest until CCEOC transfers the property to an entity that qualifies for the historic tax credit and the transferee borrows a minimum of \$2,500,000 on a non-recourse basis to develop the Handleman building.

The aggregate maturities of the note payable are as follows:

<u>Year Ending December 31,</u>	
2021	<u>\$250,000</u>
	<u>\$250,000</u>

Management of CCEOC is currently exploring its buy out options. See notes 21 and 22 for further discussion.

NOTE 10 - REFUNDABLE ADVANCE:

Refundable advance due to the Small Business Administration (SBA) under the Payroll Protection Program originated at a rate of 1% due on June 25, 2025 or upon forgiveness	\$178,840
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On July 7, 2021, the SBA executed a forgiveness of the principal payment of \$178,840	\$178,840
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CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 11 - CONTRIBUTIONS-FEDERAL AND OTHER:

Contributions from Federal and other consisted of the following sources for the year ended December 31, 2020:

Total Community Action, Inc.:	
Head Start Program	\$1,218,582
New Orleans Council on Aging, Inc.:	
Title III B Supportive Services	86,641
Senior Citizen Services	73,430
State of Louisiana Department of Education:	
Food Service Program	<u>42,292</u>
Total Federal	1,420,945
Total other	<u>3,000</u>
Grand total	<u>\$1,423,945</u>

NOTE 12 - IN-KIND CONTRIBUTIONS AND COSTS RECOGNIZED:

As a condition of a contribution received by CCEOC, CCEOC must provide a portion of the costs of the program. To satisfy this condition, the funding agency accepts in-kind contributions from volunteers and certain other contributions. The accompanying statement of activities includes in-kind contributions in revenues and expenses. Due to the COVID-19 pandemic, the in-kind contribution components of CCEOC's contract was temporarily waived. During the year ended December 31, 2020, in-kind contributions were recognized for the months of January and February 2020 for the following:

Volunteer services	<u>\$31,913</u>
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CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 13 - FAIR VALUE MEASUREMENT:

Financial Accounting Standards Board (FASB) and the Accounting Standards Codification (ASC) as set forth in FASB ASC 820-10 requires disclosure of the estimated fair value of certain financial instruments and the methods and significant assumptions used to estimate their fair value. Financial instruments within the scope of FASB ASC 820-10 are included in the table below:

FAIR VALUE MEASUREMENT AT REPORTING DATE

	Quoted Prices in Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
Certificate of deposit	<u>\$105,915</u>	<u>\$-0-</u>	<u>\$-0-</u>

The assumptions to estimate fair value are as follows:

Certificates of deposit carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of the instruments.

NOTE 14 - PENSION PLAN:

CCEOC sponsors a defined contribution employee pension plan covering all employees 21 years or older who have worked for CCEOC a minimum of one year. CCEOC decides the amount, if anything, to contribute each year to the individual retirement accounts for the eligible employees based on a percentage of annual compensation. There were no pension contributions for the year ended December 31, 2020.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 15 - RISK MANAGEMENT:

CCEOC is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets for which **CCEOC** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 16 - LINE OF CREDIT:

On December 5, 2019, **CCEOC** entered into a revolving line of credit agreement with a bank for any amount up to \$100,000. The line of credit carries an interest rate of 2.10% and interest on the unpaid principal is payable monthly. All outstanding principal plus unpaid interest is due and payable on December 5, 2021.

At December 31, 2020, draws totaling \$27,354 had been made against the line of credit. The line of credit is secured by **CCEOC**'s certificate of deposit.

NOTE 17 - CONTINGENCIES:

CCEOC is subject to possible examinations by regulatory agencies who determine compliance with laws and regulations governing grants provided to **CCEOC**. These examinations may result in required refunds by **CCEOC** to agencies and/or program beneficiaries.

NOTE 18 - PER DIEM FOR DIRECTORS:

During the year ended December 31, 2020, no board member received per diem in his/her capacity as a Director.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 19 - SUBSEQUENT EVENTS:

CCEOC is required to evaluate events or transactions that may have occurred after the statement of financial position date for potential recognition or disclosure in the financial statements. **CCEOC** performed such an evaluation through August 2, 2021, the date which financial statements were available to be issued, and noted no subsequent events or transactions that occurred after the statement of financial position date that required recognition or disclosure.

NOTE 20 - CORONAVIRUS:

On January 30, 2020, the World Health Organization declared the Corona Virus "COVID-19" as a global health emergency. On March 13, 2020, the President of the United States of America declared a national emergency. At August 2, 2021 management of **CCEOC** continues to assess the impact of COVID-19 on its overall operations as it navigates through initiatives, guidelines and various executive orders mandated by the Governor for the State of Louisiana and the Mayor for the City of New Orleans.

NOTE 21 - NOTE RECEIVABLE:

On February 1, 2005, **CCEOC** expanded a promissory note for value received with Handelman Associates I, L.L.C. (debtor) who promised to pay in the order of **CCEOC** the principal sum of \$539,000, together with interest accruing on the unpaid balance from the date hereof until the date of maturity at the rate of 4.72% per annum, payable as follows:

Debtor agrees to make annual payments by February 1, 2047 of each year beginning 2007, equal to the lesser of (a) 100% of the Net Free Cash Flow from the rental real estate operations of debtor in the year immediately preceding such February 1 or (b) \$29,332. This promissory note is an unsecured obligation. See NOTE 22 for additional discussion.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 22 - ACCRUED INTEREST RECEIVABLE:

At December 31, 2020 the outstanding balance of the loan of \$539,000 described in NOTE 21 has cumulative accrued interest amounted to \$404,933. Interest of \$25,441 was earned on the loan during 2020 and the remaining balance of \$379,492 through December 31, 2019.

NOTE 23 - PRIOR PERIOD ADJUSTMENT:

The prior period adjusted consist of the following unrecorded transactions at December 31, 2020:

Note receivable	\$ 539,000
Accrued interest receivable	379,492
Investment in real estate	<u>(270,000)</u>
	<u>\$ 648,492</u>

SUPPLEMENTARY INFORMATION



Member
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Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

To the Board of Directors
Central City Economic Opportunity Corporation
New Orleans, Louisiana

Other Matters

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of **Central City Economic Opportunity Corporation (CCEOC)** as of and for the year ended December 31, 2020, and have issued our report dated August 2, 2021 which contained an unmodified opinion on the financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for the purposes of additional analysis as required by *the Uniform Guidance* and is not a required part of the financial statements. The information in Schedule I is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Schedule I is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION
(CONTINUED)**

Other Matters, Continued

Other Supplementary Information

The other supplementary information, comprised of the Combining Statements of Activities (Schedule II), Functional Expenses (Schedule III) and the Schedule of Compensation, Benefits and Other Payments to Executive Director (Schedule IV) is presented for the purpose of additional analysis and is not a required part of the financial statements . Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Also, the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying other supplementary information (Schedules II, III and IV) is fairly stated, in all material respects, in relation to the financial statements as a whole.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

August 2, 2021

SCHEDULE I

**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>PROGRAM</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed through Total Community Action, Inc.:		
Head Start Program	93.600	\$1,218,582
Passed through New Orleans Council on Aging, Inc.:		
Title III B Supportive Services	93.633	<u>86,641</u>
Total U. S. Department of Health and Human Services		<u>1,305,223</u>
U.S. DEPARTMENT OF AGRICULTURE		
Passed through State of Louisiana:		
Department of Education:		
Food Service Program	10.558	<u>42,292</u>
Total U.S. Department of Agriculture		<u>42,292</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Passed through New Orleans Council on Aging, Inc.:		
Senior Citizen Services	14.218	<u>73,430</u>
Total U.S. Department of Housing and Urban Development		<u>73,430</u>
Total Federal Awards		<u>\$1,420,945</u>

NOTE: The accompanying Schedule of Expenditures of Federal Awards includes all federal activity of CCEOC for the year ended December 31, 2020 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the *Uniform Guidance*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

CCEOC has not elected to use the 10% de minimis indirect cost rate.

See Independent Auditors' Report on Supplementary Information.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Head Start Program</u>	<u>Senior Citizen Program</u>	<u>Food Service Program</u>	<u>Community Development Block Grant</u>	<u>General</u>	<u>Total</u>
OPERATING ACTIVITIES:						
Contributions:						
Federal and other	\$1,218,582	\$86,641	\$42,292	\$73,430	\$ 3,000	\$1,423,945
Donations	-0-	3,178	-0-	-0-	2,588	5,766
In-kind revenue	<u>31,913</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>31,913</u>
Total operating income	<u>1,250,495</u>	<u>89,819</u>	<u>42,292</u>	<u>73,430</u>	<u>5,588</u>	<u>1,461,624</u>
EXPENSES:						
Program services	1,250,495	92,592	50,342	75,263	180,497	1,649,189
Supporting services	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>22,220</u>	<u>22,220</u>
Total expenses	<u>1,250,495</u>	<u>92,592</u>	<u>50,342</u>	<u>75,263</u>	<u>202,717</u>	<u>1,671,409</u>
Change in net assets from operating activities	<u>-0-</u>	<u>(2,773)</u>	<u>(8,050)</u>	<u>(1,833)</u>	<u>(197,129)</u>	<u>(209,785)</u>

See Independent Auditors' Report on Supplementary Information.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
COMBINING STATEMENT OF ACTIVITIES, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Head Start Program</u>	<u>Senior Citizen Program</u>	<u>Food Service Program</u>	<u>Community Development Block Grant</u>	<u>General</u>	<u>Total</u>
NON-OPERATING ACTIVITIES:						
Fees	\$ -0-	\$ 235	\$ -0-	\$ -0-	\$ -0-	\$ 235
Interest income	-0-	-0-	-0-	-0-	25,547	25,547
Other revenue	<u>-0-</u>	<u>8,891</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>8,891</u>
Total non-operating income	<u>-0-</u>	<u>9,126</u>	<u>-0-</u>	<u>-0-</u>	<u>25,547</u>	<u>34,673</u>
Change in net assets from operating and non-operating activities before operating transfer in (out)	<u>-0-</u>	<u>6,353</u>	<u>(8,050)</u>	<u>(1,833)</u>	<u>(171,582)</u>	<u>(175,112)</u>
OPERATING TRANSFER - IN (OUT):						
Transfers in	-0-	-0-	8,050	1,833	(9,883)	-0-
Transfer out	<u>-0-</u>	<u>(6,353)</u>	<u>-0-</u>	<u>-0-</u>	<u>6,353</u>	<u>-0-</u>
Total operating transfer in (out)	<u>-0-</u>	<u>(6,353)</u>	<u>8,050</u>	<u>1,833</u>	<u>(3,530)</u>	<u>-0-</u>
Change in net assets from operating and non-operating activities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(175,112)</u>	<u>(175,112)</u>
Net assets, previously reported	-0-	-0-	-0-	-0-	332,436	332,436
Prior period adjustment	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>648,492</u>	<u>648,492</u>
Net assets, beginning of year as restated	<u>0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>980,928</u>	<u>980,928</u>
Net assets, end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 805,816</u>	<u>\$ 805,816</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE III

**CENTRAL CITY ECONOMIC CORPORATION
COMBINING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Headstart Program		Senior Citizen Program		Food Service Program		Community Development Block Grant		General		Totals (Memorandum Only)	
	Program Services	Supporting Services	Program Services	Supporting Services	Program Services	Supporting Services	Program Services	Supporting Services	Program Services	Supporting Services	Program Services	Supporting Services
Salaries	\$ 710,703	\$ -0-	\$55,517	\$ -0-	\$13,607	\$ -0-	\$28,494	\$ -0-	\$167,574	\$ 5,222	\$ 975,895	\$ 5,222
Fringe benefits	123,674	-0-	4,696	-0-	2,081	-0-	7,614	-0-	12,923	400	150,988	400
In-kind expenses	31,913	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	31,913	-0-
Professional fees	63,675	-0-	3,204	-0-	-0-	-0-	2,137	-0-	-0-	3,150	69,016	3,150
Supplies	48,712	-0-	3,041	-0-	34,654	-0-	11,388	-0-	-0-	6	97,795	6
Telephone	42,995	-0-	1,683	-0-	-0-	-0-	-0-	-0-	-0-	-0-	44,678	-0-
Occupancy	43,122	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,853	43,122	2,853
Insurance	58,102	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	58,102	-0-
Repairs and maintenance	100,321	-0-	1,485	-0-	-0-	-0-	14,210	-0-	-0-	2,408	116,016	2,408
Software	272	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	272	-0-
Automobile	914	-0-	22,373	-0-	-0-	-0-	11,420	-0-	-0-	-0-	34,707	-0-
Office equipment	17,567	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	17,567	-0-
Depreciation	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	7,756	-0-	7,756
Other	877	-0-	593	-0-	-0-	-0-	-0-	-0-	-0-	425	1,470	425
Printing	7,648	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	7,648	-0-
Total expenses	\$1,250,495	\$ -0-	\$92,592	\$ -0-	\$50,342	\$ -0-	\$75,263	\$ -0-	\$180,497	\$22,220	\$1,649,189	\$22,220

The accompanying notes are an integral part of these financial statements.

SCHEDULE IV

**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SCHEDULE OF COMPENSATION , BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2020**

Executive Director Name: Lisa S. Mazique

<u>Purpose</u>	<u>Amount</u>
Salary	\$81,053
Benefits - payroll related taxes	6,727
Benefits - medical insurance	7,410
Benefits - life insurance	<u>360</u>
	<u>\$95,550</u>

See Independent Auditors' Report on Supplementary Information.

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

To the Board of Directors
Central City Economic Opportunity Corporation
New Orleans, Louisiana

We have audited 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 of America, the financial statements of **Central City Economic Opportunity Corporation (CCEOC)** as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise **CCEOC's** financial statements, and have issued our report thereon dated August 2, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **CCEOC's** internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **CCEOC's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **CCEOC's** internal control over financial reporting.

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

Internal Control Over Financial Reporting, Continued

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

A significant deficiency over financial reporting is a deficiency, or a combination of deficiencies in internal control over financial reporting, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness over financial reporting is a deficiency, or a combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of CCEOC's financial statements will not be prevented, or detected and corrected in a timely basis.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CCEOC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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*.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of CCEOC's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CCEOC's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

August 2, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*

To the Board of Directors
Central City Economic Opportunity Corporation
New Orleans, Louisiana

Report on Compliance for Major Federal Program

We have audited **Central City Economic Opportunity Corporation's (CCEOC)** compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on **CCEOC's** major federal program for the year ended December 31, 2020. **CCEOC's** major federal program is identified in the Summary of Auditors' Results section of the accompanying Summary Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*
(CONTINUED)

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for CCEOC's major federal program based on our audit of the types of compliance requirements previously described. 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 of America; and the audit requirements of Title II of the United States *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and *the Uniform Guidance* 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 CCEOC'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 on compliance for its major federal program. However, our audit does not provide a legal determination of CCEOC's compliance.

Opinion on Major Federal Program

In our opinion, CCEOC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with *the Uniform Guidance* and which is described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2020-001. Our opinion on CCEOC's major federal program is not modified with respect to this matter.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*
(CONTINUED)

CCEOC's Response to Finding

CCEOC's response to the noncompliance finding identified in our audit is described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response and Planned Corrective Action" and/or "Current Status". CCEOC's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on this response.

Report on Internal Control Over Compliance

Management of CCEOC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements previously discussed. In planning and performing our audit of compliance, we considered CCEOC's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with *the Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CCEOC's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in CCEOC's internal control over compliance that might be significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*
(CONTINUED)

Report on Internal Control Over Compliance, Continued

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis.

A *significant deficiency* in internal control over compliance is a deficiency or a combination of control deficiencies in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* in internal control over compliance in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected in a timely basis.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *the Uniform Guidance*. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

August 2, 2021

**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency (ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency (ies) identified?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with <i>the Uniform Guidance</i> ?	Yes

**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020**

Section I - Summary of Auditors' Results, Continued

Federal Awards, Continued

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.600	Headstart Program

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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Section II - Financial Statement Findings and Questioned Costs

No financial statement findings and questioned costs reported for the year ended December 31, 2020.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

Section III - Federal Award Finding and Questioned Costs

Reference Number

2020-001

Federal Award Program

Headstart Program (see Schedule of Expenditures of Federal Awards).

Criteria

Section III of the Cooperative Endeavor Agreement (CEA) between Total Community Action, Inc. (TCA) and CCEOC states in part "The Delegate shall maintain successful recruitment and full enrollment at its funded enrollment as stated in Section I, "Services to be Rendered" above, of eligible children and appropriate average daily attendance rate. A minimum average daily attendance of 85% of the enrolled children is required".

Condition (Attendance Level)

The contract between CCEOC and TCA (grantor) for the year ended December 31, 2020, required the maintenance of a 85% attendance level for its enrolled students in its Head Start Program. At various periods during the year the attendance level was below the required 85% in part to the COVID-19 pandemic which resulted in a mandated stay home order from the Governor for the State of Louisiana and the Mayor for the City of New Orleans.

Context

Total expenditures of federal awards for the year ended December 31, 2020 was \$1,218,582.

Questioned Costs

None.

**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020**

Section III - Federal Award Finding and Questioned Costs, Continued

Reference Number, Continued

2020-001

Cause

Various external factors to include primarily the COVID-19 pandemic which impacted enrolled student attendance.

Effect or Potential Effect

Noncompliance with its contractual agreement.

Recommendation

Management should continue its outreach efforts toward activities to facilitate enrolled student attendance pursuant to the requirements of Subsection 1, 2 and 3 of the CEA.

Management's Response and Planned Corrective Action

Management continues to explore and where applicable, implement strategies aimed at increasing the level of student attendance. The COVID-19 pandemic continues to impact the level of student attendance.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

Section IV - Status of Prior Year's Findings and Questioned Costs

Reference Number

2019-001

Federal Award Program

Headstart Program (see Schedule of Expenditures of Federal Awards).

Criteria

Section III of the Cooperative Endeavor Agreement (CEA) between Total Community Action, Inc. (TCA) and CCEOC states in part "The Delegate shall maintain successful recruitment and full enrollment at its funded enrollment as stated in Section I, "Services to be Rendered" above, of eligible children and appropriate average daily attendance rate. A minimum average daily attendance of 85% of the enrolled children is required".

Condition (Attendance Level)

The executed contract between CCEOC and TCA (grantor) for the year ended December 31, 2019, required the maintenance of a 85% attendance level for its enrolled students in its Head Start Program. At various periods during the year the attendance level was below the required 85%.

Management provided us with its documented analysis of some of the specific reasons for student attendance levels.

This condition is similar to a prior year finding reference number 2018-001.

Context

Total expenditures of federal awards for the year ended December 31, 2019 were \$1,156,792.

Questioned Costs

None.

**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020**

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number, Continued

2019-001

Cause

Various external factors that impacted enrolled student attendance.

Effect or Potential Effect

Noncompliance with its contractual agreement.

Recommendation

Management should continue its outreach efforts toward activities to facilitate enrolled student attendance pursuant to the requirements of Subsection 1, 2 and 3 of the CEA.

Current Status

Unresolved. See current year's finding reference number 2020-001.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

EXIT CONFERENCE

An exit conference was held with representatives of **Central City Economic Opportunity Corporation**. Management is in agreement with the contents of the reports. Those persons who participated in the discussions are as follows:

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

Lisa S. Mazique	-- Executive Director
Carmen Arellano	-- Accountant

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Paul K. Andoh, Sr., CPA, MBA, CGFM, CGMA	-- Partner
Clyde Hunter, CPA	-- Senior Accountant



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Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS RELATED TO INTERNAL CONTROL

To the Board of Directors
Central City Economic Opportunity Corporation
New Orleans, Louisiana

Management of **Central City Economic Opportunity Corporation (CCEOC)** is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements of **CCEOC** as of and for the year ended December 31, 2020, we considered **CCEOC's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of **CCEOC's** internal control. Accordingly, we do not express an opinion on the effectiveness of **CCEOC's** internal control.

During our audit, we became aware of other matters that provide an opportunity for **CCEOC** to strengthen its internal control and operating efficiency.

We previously reported on **CCEOC's** internal control in our report dated August 2, 2021. This letter does not affect our report dated August 2, 2021 on the financial statements of **CCEOC**.

We will review the status of these other matters during our next engagement. We have already discussed these other matters with **CCEOC's** personnel, and we will be pleased to discuss these other matters in further detail at your convenience.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters
2020

Our discussion of current year's other matters follows:

Reference Number
OM 2020-001

Criteria

Management must establish internal control objectives to provide reasonable assurance regarding the achievement of operations, reliability of financial reporting and compliance with applicable contracts, laws, and regulations.

Condition

The Accounting Standards Update Number 2016-12 (ASU 2016-002) (Topic 842) requires most leases to be reported on the balance sheet. The implementation date was postponed due to the COVID-19 pandemic to fiscal years beginning after December 15, 2021.

The statement primary addresses reporting for certain lease liabilities currently not reported.

Context

Total amount of lease obligation(s) for the year ended December 31, 2020 were \$22,708.

Questioned Costs

None.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters, Continued
2020

Reference Number, Continued
OM 2020-001

Cause

None.

Effect or Potential Effect

Enhance the usefulness of CCEOC's financial statements.

Recommendation

Management of CCEOC should initiate the planning process for the implementation of the reporting requirement of ASU 2016-12 on leases.

Management's Response and Planned Corrective Action

Management will initiate a review of all leases within the requirements of ASU 2016-12 for implementation, as applicable.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters, Continued
2020

Reference Number

OM 2020-002

Criteria

Management is required to establish and maintain internal controls designed to reasonably ensure completeness in recorded financial transactions. Further, such a system should ensure the safeguarding of assets.

Condition

Considering the personnel size of CCEOC's operations, the elements of an effective segregation of duties are not practical and/or cost effective.

This condition is similar to prior year's other matter reference number 2019-002.

Context

Total operating and nonoperating revenues and expenses for the year ended December 31, 2020 were \$1,496,297 and \$1,671,409, respectively.

Questioned Costs

None.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters, Continued
2020

Reference Number, Continued
OM 2020-002

Cause

Size of personnel coupled with the level of operations.

Effect or Potential Effect

The potential risk for misappropriation of assets.

Recommendation

Management should re-evaluate and assess areas for segregation of duties in its custodial and recordation functions. Further, management should consider opportunities for the implementation of offsetting controls.

Management's Response and Planned Corrective Action

Management continues to provide the necessary level of oversight. Further, assessment of its current internal control is ongoing in an effort to mitigate the existing system of internal control condition(s).

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters, Continued
2020

Reference Number

OM 2020-003

Criteria

Management is required to establish and maintain internal controls designed to reasonably ensure completeness in recorded financial transactions. Further, such a system should ensure the safeguarding of assets.

Condition

For all ten (10) journal entries selected for testing, we noted the absence of documented evidence to support approval beyond the level of the preparer (fee accountant).

Context

Total operating and nonoperating revenues and expenses for the year ended December 31, 2020 were \$1,496,297 and \$1,671,409, respectively.

Questioned Costs

None.

Cause

All journal entries are recorded by fee accountant.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters, Continued
2020

Reference Number, Continued
OM 2020-003

Effect or Potential Effect

The potential risk for misappropriation of assets.

Recommendation

Management should review the financial records prepared by its fee accountant for completeness.

Management's Response and Planned Corrective Action

Management will revise its current practice to specifically require approval of all journal entries proposed by its fee accountant.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Status of Prior Year's Other Matters
2019

Our discussion of prior year's other matters related to internal control follows:

Reference Number

OM 2019-001

Criteria

Management of CCEOC is responsible for the design, implementation and operation of internal control to ensure that accounting transactions are properly supported to achieve reliability of financial reporting.

Condition

Our testing of internal control processes over cash disbursement transactions revealed the following conditions:

- Twelve (12) of a sample of thirty-four (34) transactions revealed the absence of documented evidence to support approval for payment. It is our understanding through discussion with management that invoices processed for vendors on contract are not reviewed for approval prior to payment.
- In fourteen (14) of thirty-four (34) cash disbursement transactions reviewed, we noted no documented evidence of the mathematical verification of the paid invoice amount.

This condition is similar to prior year's other matter reference number 2018-001.

Context

Total operating and nonoperating revenues and expenses for the year ended December 31, 2019 were \$1,795,533 and \$1,787,952, respectively.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Status of Prior Year's Other Matters, Continued
2019

Reference Number, Continued
OM 2019-001

Cause

Size of personnel coupled with the level of operations.

Effect or Potential Effect

The potential risk of misappropriation of assets.

Recommendation

Management should continue to assess its current practices to ensure compliance with established internal control processes and related documentation requirements.

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Status of Prior Year's Other Matters, Continued
2019

Reference Number

OM 2019-002

Criteria

Management is required to establish and maintain internal controls designed to reasonably ensure completeness in recorded financial transactions. Further, such a system should ensure the safeguarding of assets.

Condition

Considering the personnel size of CCEOC's operations, the elements of an effective segregation of duties are not practical and/or cost effective.

This condition is similar to prior year's other matter reference number 2018-002.

Context

Total operating and nonoperating revenues and expenses for the year ended December 31, 2019 were \$1,795,533 and \$1,787,952, respectively.

Cause

Size of personnel coupled with the level of operations.

Effect or Potential Effect

The potential risk for misappropriation of assets.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Status of Prior Year's Other Matters, Continued
2019

Reference Number, Continued
OM 2019-002

Recommendation

Management should re-evaluate and assess areas for segregation of duties in its custodial and recordation functions. Further, management should consider opportunities for the implementation of offsetting controls.

Current Status

Unresolved. See current year's other matters report reference number 2020-002.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Status of Prior Year's Other Matters, Continued
2019

Reference Number

OM 2019-003

Criteria

Management of CCEOC is responsible for the design, implementation and operation of internal control to ensure that accounting transactions are properly supported to achieve reliability of financial reporting.

Condition

Our testing of internal control attributes over payroll transactions revealed the following condition:

- For two (2) of four (4) employees tested for cumulative leave, we noted a variance in the pay-rate used to the rate listed in the respective personnel's file in the calculation of compensated absences payable at December 31, 2019.

Context

Total operating expenses for the year ended December 31, 2019 were \$1,787,952.

Cause

Size of personnel coupled with the level of operations.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Status of Prior Year's Other Matters, Continued
2019

Reference Number, Continued

OM 2019-003

Effect or Potential Effect

The potential risk of misappropriation of assets.

Recommendation

Management should continue to assess its current practices to ensure compliance with established internal control processes and related documentation requirements.

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Status of Prior Year's Other Matters, Continued
2019

Reference Number

OM 2019-004

Criteria

Management is required to establish and maintain internal controls designed to reasonably ensure completeness in recorded financial transactions. Further, such a system should ensure the safeguarding of assets.

Condition

For all three (3) journal entries selected for testing, we noted the absence of documented evidence to support approval.

Context

Total operating and nonoperating revenues and expenses for the year ended December 31, 2019 were \$1,795,533 and \$1,787,952, respectively.

Cause

All journal entries are recorded by fee accountant.

Effect or Potential Effect

The potential risk for misappropriation of assets.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Status of Prior Year's Other Matters, Continued
2019

Reference Number, Continued

OM 2019-004

Recommendation

Management should review the financial records prepared by its fee accountant for completeness.

Current Status

Unresolved. See current year's other matter report reference number 2020-003.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

CCEOC's response to the other matters identified in our audit is described in the accompanying report on other matters related to internal control under the caption "Management's Response and Planned Corrective Action" and/or "Current Status". We did not audit CCEOC's response and, accordingly, we express no opinion on it.

As always, we appreciate the courtesies extended to us by you and your staff during our audit. Should you have any questions or require further details, please do not hesitate to call.

This report is intended solely for the information of the management of CCEOC, its Board of Directors, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor for the State of Louisiana as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

August 2, 2021