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**UJAMAA COMMUNITY DEVELOPMENT CORPORATION**  
**FINANCIAL AND COMPLIANCE AUDIT**  
**TOGETHER WITH**  
**INDEPENDENT AUDITORS' REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

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

Release Date 11-17-04

## TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT .....	1
CONSOLIDATED STATEMENT OF FINANCIAL POSITION—DECEMBER 31, 2003 .....	3
CONSOLIDATED STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2003 .....	4
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2003 .....	5
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2003 .....	6
NOTES TO THE FINANCIAL STATEMENTS .....	7
SUPPLEMENTARY INFORMATION:	
Consolidating Statement of Financial Position As of December 31, 2003 .....	16
Consolidating Statement of Revenues and Support For the Year Ended December 31, 2003 .....	17
Consolidating Schedule of Functional Expenses For the Year Ended December 31, 2003 .....	18
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS ....	19
EXIT CONFERENCE .....	21



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American Institute of  
Certified Public Accountants  
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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
**UJAMAA Community Development Corporation**

We have audited the accompanying consolidated statement of financial position of **UJAMAA Community Development Corporation (UJAMAA)** as of December 31, 2003 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended. These consolidated financial statements are the responsibility of **UJAMAA's** management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining on a tests basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of **UJAMAA** as of December 31, 2003 and the changes in its net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Directors of  
**UJAMAA Community Development Corporation**  
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2004 on our consideration of UJAMAA's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants as of and for the year ended December 31, 2003. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information included in the report (shown on pages 16 through 18) is presented for the purpose of additional analysis and is not a required part of the financial statements of UJAMAA. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

September 10, 2004

**UJAMAA COMMUNITY DEVELOPMENT CORPORATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2003**

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**ASSETS**

Cash and cash equivalents (NOTE 2)	\$ 291,461
Tenants receivable	1,295
Accounts receivable	19,924
Prepaid expense	30,710
Investment in partnership (NOTE 6)	1,020,945
Fixed assets, net of accumulated depreciation of \$29,925 (NOTES 2 AND 3)	<u>4,753,362</u>
Total assets	<u>\$6,117,697</u>

**LIABILITIES AND NET ASSETS**

Liabilities:	
Accounts payable	\$ 95,209
Loan payable (NOTE 12)	53,830
Note payable (NOTE 9)	650,000
Deferred revenues	206,913
Rental deposits	<u>19,448</u>
Total liabilities	<u>1,025,400</u>
Net Assets:	
Unrestricted (NOTE 2)	<u>5,092,297</u>
Total liabilities and net assets	<u>\$6,117,697</u>

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

**UJAMAA COMMUNITY DEVELOPMENT CORPORATION**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

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<u>REVENUES</u>	<u>UNRESTRICTED</u>
Grant revenue (NOTE 4)	\$ 50,124
Rental income, net of vacancy loss of \$106,425	221,620
Donations (NOTE 11)	4,600,000
Other	<u>111,697</u>
Total revenues	<u>4,983,441</u>
<u>EXPENSES</u>	
Program services	300,072
Support services	<u>84,457</u>
Total expenses	<u>384,529</u>
 Change in net assets	 4,598,912
Net Assets:	
Beginning of year	<u>493,385</u>
End of year	<u>\$5,092,297</u>

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

**UJAMAA COMMUNITY DEVELOPMENT CORPORATION**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 4,598,912
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	29,925
Donation of land and building	(4,603,830)
Decrease in due from affiliate	31,754
Increase in due from Christopher Homes, Inc.	(19,924)
Increase in tenant receivable	(1,295)
Increase in prepaid expense	(30,710)
Increase in accounts payable	41,757
Decrease in due to affiliate	(31,929)
Decrease in deferred revenues	(16,398)
Increase in rental deposits	<u>19,448</u>
Net cash provided by operating activities	<u>17,710</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from notes payable	53,830
Construction in progress	<u>(47,830)</u>
Net cash provided by financing activities	<u>6,000</u>
Net increase in cash and cash equivalents	23,710
Cash and cash equivalents, beginning of year	<u>267,751</u>
Cash and cash equivalents, end of year	<u>\$ 291,461</u>

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

**UJAMAA COMMUNITY DEVELOPMENT CORPORATION**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

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	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
<b><u>EXPENSES</u></b>			
Insurance expense	\$ 57,466	\$ -0-	\$ 57,466
Utilities	47,815	563	48,378
Professional fees and contract labor	83,656	-0-	83,656
Miscellaneous	1,316	2,257	3,573
Repairs and maintenance	23,913	-0-	23,913
Supplies	-0-	9,690	9,690
Telephone	-0-	5,758	5,758
Taxes	1,502	-0-	1,502
Advertising	876	-0-	876
Decorations	7,569	-0-	7,569
Payroll and related taxes	-0-	34,934	34,934
Management fees	75,959	-0-	75,959
Computer expense	-0-	1,330	1,330
Depreciation	<u>-0-</u>	<u>29,925</u>	<u>29,925</u>
Total expenses	<u>\$300,072</u>	<u>\$84,457</u>	<u>\$384,529</u>

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

**UJAMAA COMMUNITY DEVELOPMENT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

---

NOTE 1 - Organization:

**UJAMAA Community Development Corporation (UJAMAA)** was organized for the following purposes:

- To raise the economic, educational and social levels of the residents of Orleans Parish, who are substantially unemployed, under employed, or whose income is below federal poverty guidelines, to foster and promote community-wide interest and concern for the problems of said residents to the end that (a) educational and economic opportunities may be expanded; (b) sickness, poverty, crime and environmental degradation may be lessened;
- To expand opportunities for residents of the Special Impact area to obtain and/or acquire adequate low cost housing;
- Provide assistance and educational material with respect to the development, operation and maintenance of affordable, safe, sanitary and decent housing in the State of Louisiana;
- Provide decent housing that is affordable to low and moderate income residents of the State;
- Ensure the accessibility of every resident of the State to affordable, safe, sanitary and decent housing dwelling units;
- Educate residents of public and subsidized housing as to their rights, responsibilities and privileges under the existing laws;
- Expand economic development and home ownership opportunities for residents of the State, especially for the disadvantaged, homeless, impaired or impoverished, on a nondiscriminatory basis;

**UJAMAA COMMUNITY DEVELOPMENT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Organization, Continued:

- Encourage all levels of government to provide services, improvements and incentives to stimulate the housing revitalization process;
- Disseminate information concerning housing and community improvement programs;
- Provide technical assistance in housing acquisition; and
- Ensure communication between residents, City and Parish government and financial institutions to promote cooperative efforts to prevent neighborhood deterioration.

The consolidated financial statements of **UJAMAA** include:

UJAMAA Community Development Corporation as described above; and UJAMAA Development Company, a for profit corporation organized under the laws of the State of Louisiana and sponsored by UJAMAA Community Development Corporation. No capital stock is authorized, issued, or outstanding. UJAMAA Development Company was formed to enter into a partnership with Banc One Community Development Corporation (a not-for-profit organization) to develop approximately forty-three (43) low income rental units in the abandoned St. Ann Church and School. The rental units will be earmarked for low income elderly residents. UJAMAA Development Company serves as the general partner of the St. Ann Square Limited Partnership.

**UJAMAA COMMUNITY DEVELOPMENT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

NOTE 1 - Organization, Continued:

Throughout the notes to the consolidated financial statements UJAMAA Community Development Corporation and UJAMAA Development Company will be collectively referred to as UJAMAA. The financial statements of UJAMAA Community Development Corporation and UJAMAA Development Company have been consolidated as they are under common management.

NOTE 2 - Summary of Significant Accounting Policies:

Basis of Reporting

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

Financial Statement Presentation

UJAMAA has adopted the provision of Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations", which establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net assets categories according to external (donor) imposed restrictions.

**UJAMAA COMMUNITY DEVELOPMENT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2 - Summary of Significant Accounting Policies, Continued:

A description of the three net asset categories is as follows:

Unrestricted net assets include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the missions of **UJAMAA** are included in this category.

Temporarily restricted net assets include realized gains and losses, investment income and gifts and contributions for which donor imposed restrictions (capital improvements, etc.) have not been met.

Permanently restricted net assets are contributions which are required by the donor-imposed restriction to be invested in perpetuity and only the income be made available for program operations in accordance with the donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor imposed restrictions.

At December 31, 2003, **UJAMAA** did not have any temporarily or permanently restricted net assets.

Support and Revenues

Revenues received under government grant programs are recognized when earned.

Contributions (public support) are considered to be available for unrestricted use unless specifically restricted by the donor or the Board of Directors.

Cash Equivalents

For purposes of the statement of cash flows, **UJAMAA** considers all short-term, highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

**UJAMAA COMMUNITY DEVELOPMENT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2 - Summary of Significant Accounting Policies, Continued:

Fixed Assets

Fixed assets of **UJAMAA** are recorded as assets and are stated at fair market value at the date of the gift, if donated. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which is nine years.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of **UJAMAA Community Development Corporation and UJAMAA Development Company**. All material intercompany transactions have been eliminated.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

NOTE 3 - Fixed Assets:

Land, building and construction in progress for the year ended December 31, 2003 is summarized as follows:

Land and building	<u>\$4,603,830</u>
Less: accumulated depreciation	<u>(29,925)</u>
Sub-total	4,573,905
Construction in progress	<u>179,457</u>
Total fixed assets	<u>\$4,753,362</u>

**UJAMAA COMMUNITY DEVELOPMENT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 3 - Fixed Assets, Continued:

Depreciation expense totaled \$29,925 for the year ended December 31, 2003.

NOTE 4 - Grant Revenue:

**UJAMAA** is the recipient of grant funds from various sources in the amount of \$50,124. The grants were utilized for neighborhood revitalization and for the development of low income rental housing for the elderly. The grants were received from the City of New Orleans and Louisiana Stadium & Exposition District in the amounts of \$32,125 and \$17,999, respectively.

NOTE 5 - Economic Dependency:

The primary source of revenue for **UJAMAA** is state and local grants, rental income and contributions provided through various funding agencies. The continued success of **UJAMAA** is dependent upon the renewal of contracts from current funding sources as well as obtaining new funding.

NOTE 6 - Investment in Partnership:

**UJAMAA Development Company** (a wholly owned subsidiary of **UJAMAA Community Development Corporation**) entered into a partnership with Banc One Community Development Corporation to develop approximately forty-three (43) units in the abandoned St. Ann Church and School. The church and school is being leased to the **UJAMAA Community Development Corporation** by the Archdiocese of New Orleans. The lease provided for rent of \$1.00 per year for a period of thirty-five (35) years. The apartments are earmarked for low income elderly residents. **UJAMAA Development Company** serves as the general partner and owns .1% of the partnership.

**UJAMAA COMMUNITY DEVELOPMENT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 7 - Income Taxes:

**UJAMAA Community Development Corporation** is exempt from federal income taxes under code section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements. **UJAMAA Development Company** did not have any operating income during the year, and as such is not liable for any income taxes.

NOTE 8 - Contingency:

**UJAMAA** is a recipient of grant funds from various sources. The grants are governed by various guidelines, regulations, and contractual agreements.

The administration of the program and activities funded by the grant is under the control and administration of **UJAMAA** and are subject to audit and/or review by the applicable funding source. Any grant funds found not to be properly spent in accordance with the terms, conditions, and regulations of the funding source may be subject to recapture.

NOTE 9 - Note Payable:

**UJAMAA** obtained a 6% loan of Home funds from the City of New Orleans in the amount of \$650,000. The loan is to be repaid from the project's excess cash flow over a yet to be determined period of time.

NOTE 10 - In-Kind Revenues/Expenses:

St. Peter Claver Church provides office space, utilities, and the use of all office furniture and equipment. The value of these services has not been recorded in the financial statements since the related amount has not been determined.

**UJAMAA COMMUNITY DEVELOPMENT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 11 - Housing Operations:**

On September 24, 2003, UJAMAA and Villa D'Ames, Inc. entered into an agreement whereby Villa D'Ames, Inc. donated the Villa D'Ames apartment complex located in Marrero, Louisiana "as is, where is". The donation was subject to the existing mortgage which was in favor of HUD in the amount of \$1,450,000. On September 25, 2003, UJAMAA entered into the following agreement:

- A mortgage restructuring agreement with the U.S. Department of Housing and Urban Development (HUD) in the principal amount of \$1,179,692; and
- A contingent repayment agreement with HUD in the principal amount of \$131,151.

On February 17, 2004, HUD authorized the write-off of 100% of the existing mortgage totaling \$1,450,000 and cancelled the mortgage restructuring agreement, and the contingent repayment note and mortgage.

**NOTE 12 - Series 2003 Mortgage:**

On September 25, 2003, UJAMAA entered into a mortgage agreement with the Louisiana Housing Finance Agency for a home loan obligation in the principal amount of \$2,412,205. The mortgage is payable in level annual installments in the amount of \$138,194.88 for thirty (30) years and is due on the first day of each April commencing on April 1, 2004. The mortgage bears interest at the rate of 4.00% per annum with all payments due only payable out of and to the extent of the net cash flow of UJAMAA after payment of all operating expenses. At December 31, 2003, \$53,830 had been disbursed to UJAMAA by the Louisiana Housing Finance Agency.

**UJAMAA COMMUNITY DEVELOPMENT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 13 - Section 8 Contract:**

On October 1, 2003, **UJAMAA** entered into a Section 8 Mark to Market Renewal Contract with the U.S. Department of Housing and Urban Development (HUD) for the Villa D'Ames Apartments located in Marrero, Louisiana. The Renewal Contract is for a twenty (20) year period and provides for Housing Assistance payments to be made by HUD to **UJAMAA** for eligible tenants at the Villa D'Ames Apartment Complex.

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**SUPPLEMENTARY INFORMATION**

**UJAMAA COMMUNITY DEVELOPMENT CORPORATION**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2003**

		<u>ASSETS</u>				
	<u>UJAMAA</u>	<u>UJAMAA</u>	<u>UJAMAA</u>	<u>Total</u>	<u>Eliminations</u>	<u>Consolidated</u>
	<u>Development</u>	<u>Villa D'Ames</u>	<u>Company</u>			
	<u>UJAMAA</u>	<u>UJAMAA</u>	<u>UJAMAA</u>	<u>UJAMAA</u>	<u>UJAMAA</u>	<u>UJAMAA</u>
	<u>Company</u>	<u>Company</u>	<u>Company</u>	<u>Company</u>	<u>Company</u>	<u>Company</u>
Cash and cash equivalents	\$ 216,148	\$ -0-	\$ -0-	\$ 75,313	\$ -0-	\$ 291,461
Tenant receivable	-0-	-0-	-0-	1,295	-0-	1,295
Due from affiliate	-0-	-0-	-0-	19,924	-0-	19,924
Prepaid expense	-0-	-0-	-0-	30,710	-0-	30,710
Investment in partnership	1,020,945	1,020,945	1,020,945	-0-	(1,020,945)	1,020,945
Furniture and equipment, net of accumulated depreciation of \$29,925	<u>179,457</u>	<u>-0-</u>	<u>-0-</u>	<u>4,573,905</u>	<u>-0-</u>	<u>4,753,362</u>
Total assets	<u>\$1,416,550</u>	<u>\$1,020,945</u>	<u>\$1,020,945</u>	<u>\$4,701,147</u>	<u>\$(1,020,945)</u>	<u>\$6,117,697</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>						
Liabilities:						
Accounts payable	\$ 45,832	\$ -0-	\$ -0-	\$ 49,377	\$ -0-	\$ 95,209
Loan payable	-0-	-0-	-0-	53,830	-0-	53,830
Note payable	650,000	-0-	-0-	-0-	-0-	650,000
Deferred revenues	206,687	-0-	-0-	226	-0-	206,913
Rental deposits	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>19,448</u>	<u>-0-</u>	<u>19,448</u>
Total liabilities	<u>902,519</u>	<u>-0-</u>	<u>-0-</u>	<u>122,881</u>	<u>-0-</u>	<u>1,025,400</u>
Net Assets:						
Unrestricted	<u>514,031</u>	<u>1,020,945</u>	<u>1,020,945</u>	<u>4,578,266</u>	<u>(1,020,945)</u>	<u>5,092,297</u>
Total net assets	<u>514,031</u>	<u>1,020,945</u>	<u>1,020,945</u>	<u>4,578,266</u>	<u>(1,020,945)</u>	<u>5,092,297</u>
Total liabilities and net assets	<u>\$1,416,550</u>	<u>\$1,020,945</u>	<u>\$1,020,945</u>	<u>\$4,701,147</u>	<u>\$(1,020,945)</u>	<u>\$6,117,697</u>

See the Independent Auditors' Report on Supplementary Information.

**UJAMAA COMMUNITY DEVELOPMENT CORPORATION**  
**CONSOLIDATING STATEMENT OF REVENUES AND SUPPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

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**REVENUES AND SUPPORT**

	<b><u>UJAMAA</u></b>	<b><u>UJAMAA Development Company</u></b>	<b><u>UJAMAA Villa D'Arnes</u></b>	<b><u>Total</u></b>
Grant revenue	\$ 50,124	\$-0-	\$ -0-	\$ 50,124
Rental income, net vacancy loss of \$106,425	11,546	-0-	210,074	221,620
Donations	50,000	-0-	4,550,000	4,600,000
Other	<u>4,760</u>	<u>-0-</u>	<u>106,937</u>	<u>111,697</u>
Total revenues and support	<u>\$116,430</u>	<u>\$-0-</u>	<u>\$4,867,011</u>	<u>\$4,983,441</u>

See the Independent Auditors' Report on Supplementary Information.

**UJAMAA COMMUNITY DEVELOPMENT CORPORATION**  
**CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

	-----PROGRAM SERVICES-----			-----SUPPORT SERVICES-----			
	UJAMAA	UJAMAA Villa D' Ames	Total Program Services	UJAMAA	UJAMAA Villa' Dames	Total Support Services	Total Expenses
Insurance	\$16,434	\$41,032	\$57,466	\$ -0-	\$ -0-	\$ -0-	\$ 57,466
Utilities	-0-	47,815	47,815	563	-0-	563	48,378
Professional services and contract labor	36,701	46,955	83,656	-0-	-0-	-0-	83,656
Miscellaneous	919	397	1,316	551	1,706	2,257	3,573
Repairs and maintenance	470	23,443	23,913	-0-	-0-	-0-	23,913
Supplies	-0-	-0-	-0-	1,524	8,166	9,690	9,690
Telephone	-0-	-0-	-0-	1,312	4,446	5,758	5,758
Taxes	1,502	-0-	1,502	-0-	-0-	-0-	1,502
Advertising	876	-0-	876	-0-	-0-	-0-	876
Decorations	-0-	7,569	7,569	-0-	-0-	-0-	7,569
Payroll and related taxes	-0-	-0-	-0-	34,934	-0-	34,934	34,934
Management fees	-0-	75,959	75,959	-0-	-0-	-0-	75,959
Computer expense	-0-	-0-	-0-	-0-	1,330	1,330	1,330
Depreciation	-0-	-0-	-0-	-0-	29,925	29,925	29,925
<b>Total</b>	<u>\$56,902</u>	<u>\$243,170</u>	<u>\$300,072</u>	<u>\$38,884</u>	<u>\$45,573</u>	<u>\$84,457</u>	<u>\$384,529</u>

See the Independent Auditors' Report on Supplementary Information.



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

To the Board of Directors of  
**UJAMAA Community Development Corporation**

We have audited the consolidated financial statements of **UJAMAA Community Development Corporation (UJAMAA)** as of and for the year ended December 31, 2003 and have issued our report thereon dated September 10, 2004. 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.

**Compliance**

As part of obtaining reasonable assurance about whether **UJAMAA's** consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

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

(CONTINUED)

**Internal Control Over Financial Reporting**

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

This report is intended solely for the information of the Board of Directors, management, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



**BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS**

September 10, 2004

**UJAMAA COMMUNITY DEVELOPMENT CORPORATION**

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**EXIT CONFERENCE**

An exit conference was held with the following individuals:

**UJAMAA COMMUNITY DEVELOPMENT CORPORATION**

Ms. Amy Brown – Executive Director

**BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS**

Mr. Michael B. Bruno, CPA – Managing Partner  
Mr. Sean M. Bruno, CPA – Manager

The audit report was discussed. This report is intended solely for the information and use of the Board of Directors, management, the Legislative auditor of the State of Louisiana, and Federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than those specified parties.



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

Michael B. Bruno, CPA  
Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA

## **INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**

To the Board of Directors  
**UJAMAA Community Development Corporation**

We have audited the financial statements of the **UJAMAA Community Development Corporation (UJAMAA)** for the year ended December 31, 2003, and have issued our report thereon dated September 10, 2004.

*In planning and performing our audit of the financial statements, we considered the organization's internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.*

During our audit, we became aware of several matters that are opportunities for strengthening internal control and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters.

This letter does not affect our report dated September 10, 2004 on the financial statements of the **UJAMAA Community Development Corporation**.

## INDEPENDENT AUDITORS COMMENTS TO MANAGEMENT, CONTINUED

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### 03-01 - Replacement and Rehabilitation Reserves

We noted during our audit that the replacement and rehabilitation reserve amounts were not timely paid to the trustee for the three months ended December 31, 2003 due to limited cash flow. However, we did note that the payments were made subsequent to year end.

We recommend that the manager of the **UJAMAA** Villa D'Ames apartment complex make every reasonable effort to deposit the required replacement and rehabilitation reserve funds on a monthly basis.

### 03-02 - Vacancy Loss Reports

We noted during our audit that the vacancy loss reports for the three months ended December 31, 2003 did not agree to the general ledger in the amount of approximately \$11,500. As of the end of our fieldwork, the vacancy loss reports were not reconciled by the manager of the **UJAMAA** Villa D'Ames apartment complex.

We recommend that the manager take immediate steps to resolve the noted condition.

### 03-03 - Untimely Submission of Audited Financial Statements

Because of difficulties in reconciling a selected number of general ledger accounts to detailed analysis for the **UJAMAA** - Villa D'Ames complex, it prevented **UJAMAA** from being able to submit audited financial statements by the statutory due date.

We recommend that the manager of **UJAMAA** Villa D'Ames apartment complex implement written policies and procedures that would facilitate the preparation of accurate monthly and year end financial statements.

## INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT, CONTINUED

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This report is intended solely for the information and use of the Board of Directors, and management and is not intended to be and should not be used by anyone other than these specified parties.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with appropriate personnel of UJAMAA, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendation.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS**

September 10, 2004