

**NEW BEGINNINGS --
COMMUNITY DEVELOPMENT CORPORATION
PORT ALLEN, LOUISIANA
ANNUAL FINANCIAL REPORT**

DECEMBER 31, 2014

NEW BEGINNINGS -- COMMUNITY DEVELOPMENT CORPORATION
TABLE OF CONTENTS
DECEMBER 31, 2014

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	3
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
NOTES TO THE FINANCIAL STATEMENTS	8-12
SUPPLEMENTARY INFORMATION	13
Schedule 1: Schedule of Compensation, Benefits, and Other Payments to Agency Head	14
OTHER REPORTS REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i>	15
Schedule 2: Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	16-17
Schedule 3: Schedule of Findings	18-19
Schedule 4: Schedule of Prior Year Findings	20
Schedule 5: Management's Corrective Action Plan	21

BAXLEY AND ASSOCIATES, LLC

P. O. Box 482
58225 Belleview Drive
Plaquemine, Louisiana 70764
Phone (225) 687-6630 Fax (225) 687-0365

Hugh F. Baxley, CPA/CGMA/CVA
Margaret A. Pritchard, CPA/CGMA

Staci H. Joffrion, CPA/CGMA

Board of Directors
New Beginnings – Community Development Corporation
Port Allen, Louisiana

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of New Beginnings – Community Development Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, 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; 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 error or fraud.

Auditor's 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. 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 the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 the entity'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.

INDEPENDENT AUDITOR'S REPORT (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Beginnings – Community Development Corporation as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for forming the opinion on the financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 14 is presented for purposes 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 related directly to the underlying accounting and other records used to prepare the financial statements. 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 information is fairly stated in all material respected in relation to the financial statements as a whole.

Other Reports Required by Government Audit Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2015, on our consideration of New Beginnings – Community Development Corporation'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 the 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 New Beginnings – Community Development Corporation's internal control over financial reporting and compliance.

Baxley & Associates, LLC

Plaquemine, Louisiana
June 19, 2015

FINANCIAL STATEMENTS

**NEW BEGINNINGS --
COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014**

ASSETS

Current Assets	
Cash and cash equivalents	\$ 16,879
Petty cash	300
Accounts receivable	79,226
Prepaid Insurance	<u>438</u>
Total Current Assets	<u>96,843</u>
Property and Equipment	
Furniture, fixtures and equipment	34,211
Less: Accumulated depreciation	<u>(32,864)</u>
Total Property and Equipment	<u>1,347</u>
TOTAL ASSETS	<u><u>\$ 98,190</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 7,856
Payroll liabilities	2,069
Line of Credit	57,939
Loan - Capital Missionary	<u>6,000</u>
Total Current Liabilities	<u>73,864</u>
Net Assets	
Unrestricted	<u>24,326</u>
Total Net Assets	<u>24,326</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 98,190</u></u>

The accompanying notes are an integral part of this statement.

**NEW BEGINNINGS--
COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Total
REVENUES, GRANTS AND OTHER SUPPORT	
Federal grants	\$ 289,731
Program service revenue	15,059
Interest	206
	304,996
TOTAL REVENUES, GRANTS, AND OTHER SUPPORT	
EXPENSES	
Program services	257,277
Management and general	40,351
Fundraising	-
	297,628
TOTAL EXPENSES	
CHANGE IN NET ASSETS	7,368
NET ASSETS AT BEGINNING OF YEAR	9,458
Restatement of beginning net assets	7,500
NET ASSETS AT BEGINNING OF YEAR AS RESTATED	16,958
NET ASSETS AT END OF YEAR	\$ 24,326

The accompanying notes are an integral part of this statement.

NEW BEGINNINGS -- COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
EXPENSES				
Salaries	\$ 160,956	\$ 17,884	\$ -	\$ 178,840
Payroll taxes	15,116	1,680	-	16,796
Bank fees	-	152	-	152
Program contract labor	14,370	-	-	14,370
Depreciation	-	5,726	-	5,726
Insurance	9,726	-	-	9,726
Interest	-	4,648	-	4,648
Miscellaneous	462	-	-	462
Postage	602	-	-	602
Printing	2,400	-	-	2,400
Professional fees	-	9,504	-	9,504
Rent	1,176	-	-	1,176
Staff Volunteer Development	-	330	-	330
Supplies	11,634	-	-	11,634
Telephone	2,088	232	-	2,320
Transportation	36,992	-	-	36,992
Utilities	1,755	195	-	1,950
TOTAL EXPENSES	<u>\$ 257,277</u>	<u>\$ 40,351</u>	<u>\$ -</u>	<u>\$ 297,628</u>

The accompanying notes are an integral part of this statement.

NEW BEGINNINGS -- COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 7,368
Adjustments to reconcile net assets to net cash provided by operating activities:	
Depreciation	5,726
Prior period adjustment	7,500
(Increase) in accounts receivable	(12,901)
Decrease in prepaid insurance	162
(Decrease) in accounts payable	(13,372)
(Decrease) in payroll tax liabilities	(6,071)
	<u>(11,588)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(11,588)
CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of capital assets	<u>-</u>
NET CASH USED IN INVESTING ACTIVITIES	-
CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from line of credit and loans	87,883
Principal payments on line of credit and loans	<u>(75,304)</u>
NET CASH (USED) BY FINANCING ACTIVITIES	12,579
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	991
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	16,188
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 17,179
SUMMARY OF CASH AND CASH EQUIVALENTS:	
Cash and cash equivalents	\$ 16,879
Petty cash	300
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 17,179
Supplemental Data	
Interest paid	<u>\$ 3,378</u>

The accompanying notes are integral part of this statement.

NEW BEGINNINGS – COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Beginnings – Community Development Corporation is a 501(c)(3) non-profit organization formed in 2000, and located in Port Allen, Louisiana. The mission of New Beginnings is to cultivate social and economic development in West Baton Rouge Parish. The goal of New Beginnings – Community Development Corporation is to improve the quality of life in the community by providing educational support, life skills training, and enrichment and growth opportunities for youth and their families. New Beginnings – Community Development Corporation’s mentoring, summer, and after school programs provide a well-rounded menu of services that is designed to meet the educational, vocational, physical, social, and psychological needs of the whole child. New Beginnings – Community Development Corporation serves West Baton Rouge Parish students from Pre-Kindergarten to 12th grade. The primary source of income for New Beginnings – Community Development Corporation is derived from a grant.

Reporting Entity

New Beginnings – Community Development Corporation is an independent non-profit organization with its own board of directors, mission, and vision. The board members are made up of volunteers who do not receive compensation for serving. New Beginnings – Community Development Corporation is not a component unit of another primary government nor does it have any component units which are related to it. Therefore, New Beginnings – Community Development Corporation has presented its financial statements as a separate special-purpose entity.

Basis of Accounting

The financial statements are prepared on the accrual basis wherein revenues are recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents

For purposes of the statement of cash flows, New Beginnings – Community Development Corporation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Bad Debts

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At December 31, 2014, there were no amounts considered to be uncollectible.

**NEW BEGINNINGS – COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS**

Property & Equipment and Depreciation

Property and equipment are stated at cost, unless donated. Donated property and equipment are stated at fair market value as of the date of the gift. The policy implemented by New Beginnings --- Community Development Corporation for the capitalization of property and equipment is to capitalize all items which have a cost greater than \$500. Depreciation is charged to operations using the straight-line method over the estimated useful lives as follows:

Buildings	30-40 years
Vehicles	5 years
Furniture and fixtures	3-10 years

Revenues

The majority of the Organization’s revenue is derived from U.S. Department of Education federal grants that are passed through the Louisiana Department of Education.

Income Taxes

New Beginnings is a nonprofit organization and has been granted tax exempt status under Section 501(c)(3) of the Internal Revenue Service. Therefore, the Organization has not recorded a provision for income taxes in the accompanying financial statements and the Organization does not have any uncertain tax positions. The Organization files a federal tax return under U.S. federal jurisdiction.

Contributions

The Organization has also adopted SFAS No. 116, “Accounting for Contributions Received and Contributions Made.” Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Financial Statement Presentation

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, “Financial Statements of Not-For-Profit Organizations.” Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows. As permitted by the Statement, the Organization has discontinued its use of fund accounting.

Use of Estimates

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.

**NEW BEGINNINGS – COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS**

NOTE B – DEPOSITS AND CASH EQUIVALENTS

At year end, New Beginnings – Community Development Corporation’s carrying amount of deposits was \$16,879 and the bank balances were \$28,820. The entire bank balance was covered by federal depository insurance.

NOTE C - ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2014 was made up of the following:

Grant revenue receivable	\$	79,069
Employee receivable		157
Total receivables	<u>\$</u>	<u>79,226</u>

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment is scheduled as follows:

	<u>BALANCE</u> <u>1/1/2014</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>12/31/2014</u>
Furniture, fixtures and equipment	\$ 34,211	\$ -	\$ -	\$ 34,211
Accumulated depreciation	(27,138)	(5,726)	-	(32,864)
Total Property and Equipment	<u>\$ 7,073</u>			<u>\$ 1,347</u>

Total depreciation expense for the year ended December 31, 2014 was \$5,726.

NOTE E – LINE OF CREDIT AND LOAN

In November 2014, New Beginnings – Community Development Corporation obtained a \$72,000 unsecured revolving line of credit from American Gateway Bank to help finance its short-term capital needs. Interest is payable monthly on outstanding balances at an interest rate of prime plus 4.5%. The balance of the line of credit at December 31, 2014 was \$57,939 and is due in full on June 29, 2015.

In October 2014, New Beginnings – Community Development Corporation received a \$6,000 loan from Capital Missionary Baptist Church. The loan is not due until New Beginnings is financially able to pay it. New Beginnings intends to pay the loan by October 15, 2015.

**NEW BEGINNINGS – COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS**

NOTE E – LINE OF CREDIT AND LOAN (CONTINUED)

The following is a summary of the activity of the line of credit and the loan for the year ended December 31, 2014:

	<u>Line of Credit</u>	<u>Loan</u>
Balance, December 31, 2013	\$ 45,360	\$ 6,000
Draws made during year	81,883	(6,000)
Payments made during year	<u>(69,304)</u>	<u>6,000</u>
Balance, December 31, 2014	<u>\$ 57,939</u>	<u>\$ 6,000</u>

NOTE F – PRIOR PERIOD ADJUSTMENT

An outstanding invoice from 2012 has been deemed not payable per New Beginnings - Community Development Corporation's management. The amount recorded as a restatement to beginning net assets on the Statement of Activities is as follows:

Beginning net assets 1/1/14	\$ 9,458
Restatement	<u>7,500</u>
Beginning net assets as restated	<u>\$ 16,958</u>

NOTE G – GRANTS

New Beginnings – Community Development Corporation receives the majority of their income through a Louisiana Department of Education pass through grant from the U. S. Department of Education. The current grant consisted of a one-year initial contract of \$288,000 for the first year of operation beginning July 1, 2013, which could be renewed on an annual basis for up to three years, contingent upon the Organization's performance. The grant was renewed for a second year with a contract amount of \$288,000, extending the grant period to June 30, 2015. For the year ended December 31, 2014, the revenue earned from this grant was \$289,731.

NOTE H – ACCOUNTING FOR UNCERTAIN TAX POSITIONS

On January 1, 2009, the Organization adopted the provisions of the *Accounting for Uncertainty in Income Taxes* Topic of the FASB Accounting Standards Codification. The implementation of this Topic has no impact on the statement of financial position or statement of activities.

All tax returns have been appropriately filed by the Organization. The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The Organization's tax filings are subject to audit by various taxing authorities. The Organization's open audit periods are 2012 through 2014. Management evaluated the Organization's tax position and concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

**NEW BEGINNINGS – COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS**

NOTE I – LITIGATION

New Beginnings has no litigation as of December 31, 2014.

NOTE J – SUBSEQUENT EVENTS

These financial statements considered subsequent events through June 19, 2015, the date the financial statements were available to be issued.

According to the Louisiana Department of Education, New Beginnings will be awarded the 21st Century Community Learning Center grant contract for year three.

SUPPLEMENTARY INFORMATION

SCHEDULE 1

NEW BEGINNINGS – COMMUNITY DEVELOPMENT CORPORATION
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2014

Agency Head: Isonel Brown

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 16,965
Benefits - insurance	-
Benefits - retirement	-
Car allowance	-
Travel	-
Registration fees	-
Conference Travel	-
Total	<u>\$ 16,965</u>

OTHER REPORTS REQUIRED BY *GOVERNMENT*
AUDITING STANDARDS

BAXLEY AND ASSOCIATES, LLC

P. O. Box 482
58225 Belleview Drive
Plaquemine, Louisiana 70764
Phone (225) 687-6630 Fax (225) 687-0365

Hugh F. Baxley, CPA/CGMA/CVA
Margaret A. Pritchard, CPA/CGMA

Staci H. Joffrion, CPA/CGMA
SCHEDULE 2

Board of Directors
New Beginnings – Community Development Corporation
Port Allen, Louisiana

INDEPENDENT AUDITOR'S 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

We have audited, in accordance with the 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, the financial statements of New Beginnings – Community Development Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 19, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered New Beginnings – Community Development Corporation's internal control over financial reporting (internal control) 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 New Beginnings – Community Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control 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 material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies [2014-1].

INDEPENDENT AUDITOR'S 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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Beginnings - Community Development Corporation's financial statements are free of 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 or other matters that are required to be reported under *Government Auditing Standards*.

New Beginnings – Community Development Corporation's Response to Findings

New Beginnings - Community Development Corporation's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. New Beginnings – Community Development Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express not opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baxley & Associates, LLC

Plaquemine, Louisiana
June 19, 2015

**NEW BEGINNINGS – COMMUNITY DEVELOPMENT CORPORATION
SCHEDULE OF FINDINGS
YEAR ENDED DECEMBER 31, 2014**

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued: *unqualified*

Internal control over financial reporting:

- Material weaknesses identified? _____yes X no
- Significant deficiency identified that is not considered to be material weaknesses? X yes _____no
- Noncompliance material to financial statements noted? _____yes X no

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2014-1 LACK OF CONTROLS OVER FINANCIAL REPORTING IN ACCORDANCE WITH GAAP

Condition:

New Beginnings did not fully prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a repeat finding.

Criteria:

Year-end adjusting journal entries were not made to the financial statements to ensure that the statements were prepared in accordance with generally accepted accounting principles.

Effect:

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the annual financial statements. This condition is intentional by management based upon the financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established.

Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Recently issued Statement on Auditing Standards (SAS) 112 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with non audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

**NEW BEGINNINGS – COMMUNITY DEVELOPMENT CORPORATION
SCHEDULE OF FINDINGS
YEAR ENDED DECEMBER 31, 2014**

Recommendation:

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 112's reporting requirements. Prudent management requires that the potential benefit from an internal control must exceed its cost. Therefore, it may not be practical to correct all the deficiencies an auditor reports under SAS 112. In this case we do not believe the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

**NEW BEGINNINGS – COMMUNITY DEVELOPMENT CORPORATION
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED DECEMBER 31, 2014**

2013-1 LACK OF CONTROLS OVER FINANCIAL REPORTING IN ACCORDANCE WITH GAAP

Condition:

New Beginnings did not fully prepare financial statements in accordance with generally accepted accounting principles (GAAP).

Recommendation:

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 112's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 112. In this case we do not believe the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

Current Status:

This condition still exists in the current year.

2013-2 MISSING RECEIPTS

Condition:

During expense testing, it was found that some credit card charges were not supported with receipts/invoices.

Recommendation:

Receipts/invoices should be attached to the credit card statements as support for every charge. The credit card bill should not be approved for payment unless all support is attached.

Current Status:

This finding was corrected in the current year.

**NEW BEGINNINGS – COMMUNITY DEVELOPMENT CORPORATION
MANAGEMENT’S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2014**

Louisiana Legislative Auditor

New Beginnings respectfully submits the following corrective action plan for the year ended December 31, 2014.

2014-1 LACK OF CONTROLS OVER FINANCIAL REPORTING IN ACCORDANCE WITH GAAP

Action Taken

New Beginnings’ management and the governing board understand their responsibility in the preparation of the financial statements, and that having the auditor play a role in the preparation of the financial statements will continue to result in a material weakness in our future audits. At this time, we believe that the benefit of hiring additional staff with expertise in GAAP accounting (like a CPA) does not outweigh the cost and is, therefore, cost-prohibitive to us. New Beginnings, however, remains committed to improving the financial position of our company. New Beginnings will embrace the lessons learned by reviewing the types of year-end journal entries and accounting principles that the auditor utilized and will make reasonable efforts to improve our accounting practices accordingly.

Name of Contact – Isonel Brown, Program Director

Anticipated Completion Date – NA