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CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

**FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANT**

December 31, 2007

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

6/18/08

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

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4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Central City Economic Opportunity Corporation

I have audited the accompanying statement of financial position of Central City Economic Opportunity Corporation (a non-profit corporation) as of December 31, 2007 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Central City Economic Opportunity Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit. The prior year summarized comparative information has been derived from the Corporation's 2006 financial statements and, in my report dated June 19, 2007, I expressed an unqualified opinion on those financial statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central City Economic Opportunity Corporation as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated May 21, 2008, on my consideration of Central City Economic Opportunity Corporation's internal control over financial reporting and my tests of its compliance with laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing on 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 and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming an opinion on the basic financial statements of Central City Economic Opportunity Corporation taken as a whole. The accompanying supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Central City Economic Opportunity Corporation. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements of Central City Economic Opportunity Corporation. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Justin J. Scanlon, CPA

New Orleans, Louisiana
May 21, 2008

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

STATEMENT OF FINANCIAL POSITION

December 31, 2007

ASSETS		MEMORANDUM
		ONLY
		December 31, 2006
Cash	\$ 25,098	\$ 64,591
Certificates of deposit	261,567	200,000
Receivables		
Grants (Notes A4 and B)	361,124	312,212
Other	<u>-</u>	<u>55,413</u>
	<u>361,124</u>	<u>367,625</u>
Inventory (Note C)	2,222	-
Land, property and equipment— at cost (Note A5)		
Transportation equipment	57,328	57,328
Office equipment	<u>30,892</u>	<u>14,606</u>
	88,220	71,934
Less accumulated depreciation	<u>< 65,442 ></u>	<u>< 60,574 ></u>
	22,778	11,360
Land	<u>19,250</u>	<u>19,250</u>
	<u>42,028</u>	<u>30,610</u>
Investment in real estate	<u>270,000</u>	<u>270,000</u>
Total assets	<u>\$ 962,039</u>	<u>\$ 932,826</u>
LIABILITIES AND NET ASSETS		
Note payable (Note D)	\$ 250,000	\$ 250,000
Accounts payable and accrued liabilities	212,917	201,647
Accrued vested annual leave benefits	<u>34,857</u>	<u>21,811</u>
Total liabilities	<u>497,774</u>	<u>473,458</u>
Commitments (Note F)	-	-
Net assets		
Unrestricted	407,311	435,522
Temporarily restricted (Note H)	<u>56,954</u>	<u>23,846</u>
Total net assets	<u>464,265</u>	<u>459,368</u>
Total liabilities and net assets	<u>\$ 962,039</u>	<u>\$ 932,826</u>

The accompanying notes are an integral part of this financial statement.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

STATEMENT OF ACTIVITIES

For the year ended December 31, 2007

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>TOTAL MEMORANDUM ONLY FOR THE YEAR ENDED DECEMBER 31, 2006</u>
REVENUES				
Grant appropriations (Note E)	\$ -	\$ 1,646,085	\$ 1,646,085	\$ 1,328,517
Contributions	2,138	-	2,138	11,320
Fund-raising income	2,885	-	2,885	-
Other income	31,172	-	31,172	276,416
Net assets released from restrictions	<u>1,612,977</u>	<u>< 1,612,977 ></u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>1,649,172</u>	<u>33,108</u>	<u>1,682,280</u>	<u>1,616,253</u>
EXPENSES				
Salaries	665,256	-	665,265	537,748
Fringe benefits	305,172	-	305,172	207,489
Travel	12,079	-	12,079	5,808
Operating services	88,975	-	88,975	113,629
Supplies	317,838	-	317,838	274,402
Professional services	35,374	-	35,374	30,133
Equipment expense	143,057	-	143,057	171,585
Other costs	<u>109,623</u>	<u>-</u>	<u>109,623</u>	<u>46,565</u>
TOTAL EXPENSES	<u>1,677,383</u>	<u>-</u>	<u>1,677,383</u>	<u>1,387,359</u>
Increase <decrease> in net assets	< 28,211 >	33,108	4,897	228,894
Net assets, beginning of year	<u>435,522</u>	<u>23,846</u>	<u>459,368</u>	<u>230,474</u>
Net assets, end of year	<u>\$ 407,311</u>	<u>\$ 56,954</u>	<u>\$ 464,265</u>	<u>\$ 459,368</u>

The accompanying notes are an integral part of this financial statement.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

STATEMENT OF CASH FLOWS

For the year ended December 31, 2007

Increase <decrease> in cash and cash equivalents

Cash flows from operating activities:

Increase in net assets \$ 4,897

Adjustments to reconcile increase in net assets to net
cash provided by operating activities:

Depreciation \$ 4,868

Changes in assets and liabilities:

Increase in grants receivable < 48,912>

Decrease in other receivables 55,413

Increase in inventory < 2,222>

Increase in accounts payable and accrued
liabilities 11,270

Increase in accrued vested annual leave
benefits 13,046 33,463

Net cash provided by operating activities 38,360

Cash flows from financing activities:

Purchase of certificates of deposit < 61,567>

Proceeds from Note Payable 100,000

Principle payments of Note Payable < 100,000>

Net cash used in financing activities < 61,567>

Cash flows from investing activities

Acquisition of office equipment < 16,286>

Net cash used in investing activities < 16,286>

Net decrease in cash and cash equivalents < 39,493>

Cash and cash equivalents, beginning of year 64,591

Cash and cash equivalents, end of year \$ 25,098

Cash flow information:

Interest paid \$ 104

The accompanying notes are an integral part of this financial statement.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. **Nature of Activities**

Central City Economic Opportunity Corporation 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.

2. **Presentation of Financial Statements**

The corporation's financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) as set forth in the Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations," dated June 1993. Accordingly, the net assets of the corporation are classified to present the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets. There were no permanently restricted net assets.

Net assets of the restricted class are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

3. **Revenue Recognition**

For financial reporting, the corporation recognizes all contributed support as income in the period received. Contributed support is reported as unrestricted or restricted 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as "net assets released from restrictions".

Grant revenue is recognized as it is earned in accordance with approved contracts.

4. **Receivables**

The corporation considers accounts receivable to be fully collectable 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.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Land, Property and Equipment

Central City Economic Opportunity Corporation records property acquisitions 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. The depreciation expense for the year ended December 31, 2007 totaled \$4,868.

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

6. Investment in Real Estate

Real estate held for investment is carried at cost not to exceed estimates of net realizable value determined on an individual project basis.

7. Cash Equivalents

For purposes of the statement of cash flows, the corporation considers all investments with original maturities of three months or less to be cash equivalents.

8. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

9. Fair Values of Financial Investments

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

10. Total Columns of Combined Statements

Total columns are captioned "Memorandum Only" to indicate that they are presented only to assist with financial analysis. Data in these columns do not present financial position, results of operations or changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2007

NOTE B - GRANTS RECEIVABLE

The grants receivable at December 31, 2007 consist of the following:

City of New Orleans	\$ 39,085
State of Louisiana – Department of Education	9,586
Total Community Action, Inc.	<u>312,453</u>
	<u>\$ 361,124</u>

NOTE C – INVENTORY

Inventory consists of food purchased in connection with the Child Care Food Program and is accounted for on the first-in, first-out (FIFO) basis.

NOTE D – NOTE PAYABLE

The note payable at December 31, 2007 consists of the following:

Note payable to City of New Orleans, at a 3% interest rate, due December, 2021. The note is secured by a second mortgage on real estate, the Handleman building costing \$270,000. \$ 250,000

The note payable to City of New Orleans does not start to accrue interest until Central City Economic Opportunity Corporation 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:

Year ending December 31,

2008	\$ -
2009	-
2010	-
2011	-
2012	-
thereafter	<u>250,000</u>
	<u>\$ 250,000</u>

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2007

NOTE E - SUMMARY OF FUNDING

The Central City Economic Opportunity Corporation funding for grants and contracts consists of the following:

<u>Grants</u>	<u>Period</u>	<u>Revenue Recognized</u>
Central City Day Care Services	1/1/07-12/31/07	\$ 120,627
Central City EOC Senior Citizens Services	1/1/07-12/31/07	53,147
Audit	-	3,000
Head Start Program	1/1/07-12/31/07	1,196,183
Food Service Program	10/1/06-9/30/07	43,354
	10/1/07-9/30/08	16,206
State of Louisiana – Act 18	7/1/07-6/30/08	50,000
Louisiana Department of Labor	1/1/07-6/30/07	2,400
State of Louisiana – Department of Economic Development	4/1/06-3/31/07	16,667
Mercy Corps	10/1/06-3/31/08	49,500
Senior Citizens Program	7/1/06-6/30/07	46,115
	7/1/07-6/30/08	<u>48,886</u>
Total grant appropriations		<u>\$ 1,646,085</u>

NOTE F – COMMITMENTS

The corporation leases its administrative and program offices annually. The rental expense for the corporation totaled \$48,205 for the year ended December 31, 2007.

NOTE G – PENSION PLAN

Central City Economic Opportunity Corporation sponsors a defined contribution employee pension plan covering all employees twenty-one years or older who have worked for the corporation a minimum of one year. The corporation 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. The pension contributions for the year ended December 31, 2007 totaled \$129,813.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2007

NOTE H – NET ASSETS – TEMPORARILY RESTRICTED

As of December 31, 2007, the temporarily restricted net assets consist of the following:

Food Services	\$ 11,914
State of Louisiana – Act 18	30,333
Mercy Corps	<u>14,707</u>
	<u>\$ 56,954</u>

NOTE I - INCOME TAXES

The corporation is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE J - BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

NOTE K – CONCENTRATION OF CREDIT RISK

As of December 31, 2007, the unsecured cash balances consist of the following:

Bank balances, excluding outstanding checks	\$ 598,728
Less FDIC insurance	<u>< 300,000 ></u>
Unsecured cash balance	<u>\$ 298,728</u>

NOTE L - ECONOMIC DEPENDENCY

The Corporation received the majority of its revenue from funds provided through grants administered by the City of New Orleans, State of Louisiana, Total Community Action, Inc., and New Orleans Council on Aging, Inc. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of the funds the corporation receives could be reduced significantly and have an adverse impact on its operations. At the time of completion of the examination of the corporation's financial statements, management was not aware of any actions taken that would adversely affect the amount of funds the corporation will receive in the next fiscal year.

The corporation is supported primarily through government grants. Approximately 95% of the corporation's support for the year ended December 31, 2007 comes from these grants.

SUPPLEMENTAL INFORMATION

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 2007

	<u>HEAD START PROGRAM</u>	<u>SENIOR CITIZEN PROGRAM NOCOA</u>	<u>FOOD SERVICES</u>	<u>STATE OF LOUISIANA ECONOMIC DEVELOPMENT</u>	<u>STATE OF LOUISIANA ACT 18</u>
REVENUE					
Grant appropriations	\$ 1,198,583	\$ 95,001	\$ 59,560	\$ 16,667	\$ 50,000
Donation	-	-	-	-	-
Other	<u>1,463</u>	<u>457</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,200,046</u>	<u>95,458</u>	<u>59,560</u>	<u>16,667</u>	<u>50,000</u>
EXPENSES					
Salaries	424,641	46,141	18,391	-	13,500
Fringe benefits	245,868	21,582	1,676	-	4,018
Travel	9,475	1,191	-	-	-
Operating services	61,099	16,857	-	10,417	-
Supplies	235,059	18,061	44,645	-	1,029
Professional services	19,019	2,379	1,502	-	262
Equipment expense	102,523	6,264	-	-	-
Other costs	<u>86,076</u>	<u>7,586</u>	<u>-</u>	<u>-</u>	<u>858</u>
	<u>1,183,760</u>	<u>120,061</u>	<u>66,214</u>	<u>10,417</u>	<u>19,667</u>
Increase <decrease> in net assets	16,286	< 24,603 >	< 6,654 >	6,250	30,333
Transfers to/from general	-	19,325	-	< 6,250 >	-
Acquisition of equipment	< 16,286 >	-	-	-	-
Net assets, beginning of year	-	<u>5,278</u>	<u>18,568</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,914</u>	<u>\$ -</u>	<u>\$ 30,333</u>

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS - CONTINUED

For the year ended December 31, 2007

	<u>MERCY CORPS</u>	<u>SENIOR CITIZENS</u>	<u>CENTRAL CITY DAY CARE SERVICES</u>	<u>GENERAL</u>	<u>TOTAL</u>
REVENUE					
Grant appropriations	\$ 49,500	\$ 53,147	\$ 120,627	\$ 3,000	\$ 1,646,085
Donations	-	-	-	2,138	2,138
Other	-	-	-	32,137	34,057
	<u>49,500</u>	<u>53,147</u>	<u>120,627</u>	<u>37,275</u>	<u>1,682,280</u>
EXPENSES					
Salaries	19,155	39,651	87,422	16,364	665,265
Fringe benefits	1,627	7,130	22,146	1,125	305,172
Travel	352	-	-	1,061	12,079
Operating services	579	-	-	23	88,975
Supplies	1,639	3,997	6,372	7,036	317,838
Professional services	2,209	-	-	10,003	35,374
Equipment expense	1,804	3,510	6,244	22,712	143,057
Other costs	<u>7,428</u>	<u>-</u>	<u>-</u>	<u>7,675</u>	<u>109,623</u>
	<u>34,793</u>	<u>54,288</u>	<u>122,184</u>	<u>65,999</u>	<u>1,677,383</u>
Increase <decrease> in net assets	14,707	< 1,141>	< 1,557>	< 28,724>	4,897
Transfers to/from general	-	1,141	1,557	< 15,773>	-
Acquisition of equipment	-	-	-	16,286	-
Net assets, beginning of year	-	-	-	435,522	459,368
Net assets, end of year	<u>\$ 14,707</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 407,311</u>	<u>\$ 464,265</u>

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2007

<u>PROGRAM</u>	<u>CFDA#</u>	<u>EXPENDITURES</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed through Total Community Action, Inc.:		
Head Start Program	93.600	\$ 1,196,183
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>1,196,183</u>
U.S. DEPARTMENT OF AGRICULTURE		
Passed through State of Louisiana		
Department of Education:		
Food Service Program	10.558	<u>59,560</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>59,560</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Passed through City of New Orleans:		
Central City Day Care Services	14.218	120,627
Senior Citizen Services	14.218	53,147
Audit	14.218	<u>3,000</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		<u>176,774</u>
Total Federal Awards		<u>\$ 1,432,517</u>

Notes to Schedule of Expenditures of Federal Awards

1. The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.
2. The Head Start grant requires non-federal matching funds totaling 10% of the grant for the year ended December 31, 2007. The matching expenditures totaled \$294,924 for the year ended December 31, 2007. The corporation was in compliance with the matching requirements of the Head-Start grant.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

**STATEMENT OF EXPENDITURES COMPARED
TO BUDGET – CENTRAL CITY DAY CARE SERVICES**

For the year ended December 31, 2007

	<u>BUDGET</u>	<u>EXPENDITURES</u>	<u>ACTUAL <OVER> UNDER BUDGET</u>
Personnel services	\$ 109,128	\$ 109,568	\$ < 440>
Supply and materials	6,371	6,371	-
Equipment and property	<u>6,265</u>	<u>6,245</u>	<u>20</u>
	<u>\$ 121,764</u>	<u>\$ 122,184</u>	<u>\$ < 420></u>

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

**STATEMENT OF EXPENDITURES COMPARED
TO BUDGET – SENIOR CITIZEN SERVICES**

For the year ended December 31, 2007

	<u>BUDGET</u>	<u>EXPENDITURES</u>	<u>ACTUAL <OVER> UNDER BUDGET</u>
Personnel services	\$ 46,279	\$ 46,780	\$ <501>
Supplies and material	3,741	3,544	197
Equipment and property	<u>4,200</u>	<u>3,964</u>	<u>236</u>
	<u>\$ 54,220</u>	<u>\$ 54,288</u>	<u>\$ < 68></u>

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

**STATEMENT OF ACTIVITIES
SENIOR CITIZENS PROGRAM - NOCCA**

For the year ended December 31, 2007

	For the period January 1, 2007 through <u>June 30, 2007</u>	For the period July 1, 2007 through <u>December 31, 2007</u>	<u>Total</u>
REVENUE			
Grant appropriations	\$ 46,115	\$ 48,886	\$ 95,001
Other income	<u>457</u>	<u>-</u>	<u>457</u>
	<u>46,572</u>	<u>48,886</u>	<u>95,458</u>
EXPENSES			
Salaries	25,564	20,577	46,141
Fringe benefits	9,551	12,031	21,582
Travel	82	1,109	1,191
Operating services	4,716	12,141	16,857
Supplies	7,400	10,661	18,061
Professional services	879	1,500	2,379
Equipment expense	1,842	4,422	6,264
Other costs	<u>2,102</u>	<u>5,484</u>	<u>7,586</u>
	<u>52,136</u>	<u>67,925</u>	<u>120,061</u>
Increase <decrease> in net assets	< 5,564>	< 19,039>	< 24,603>
Transfer to/from general	286	19,039	19,325
Net assets, beginning of year	<u>5,278</u>	<u>-</u>	<u>5,278</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Justin J. Scanlan, C.P.A.

CERTIFIED PUBLIC ACCOUNTANT
4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AND AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"

Board of Directors
Central City Economic Opportunity Corporation

I have audited the financial statements of Central City Economic Opportunity Corporation (a non-profit corporation), as of and for the year ended December 31, 2007, and have issued my report thereon dated May 21, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Central City Economic Opportunity Corporation's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Central City Economic Opportunity Corporation's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

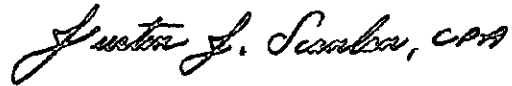
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central City Economic Opportunity Corporation's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, Louisiana Legislative Auditor, Board of Directors, others within the entity 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink, reading "Justin L. Samba, CPA". The signature is written in a cursive, flowing style.

New Orleans, Louisiana
May 21, 2008

Justin J. Scanlan, C.P.A.

CERTIFIED PUBLIC ACCOUNTANT
4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122
TELEPHONE: (504) 288-0050

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Central City Economic Opportunity Corporation

Compliance

I have audited the compliance of Central City Economic Opportunity Corporation (a non-profit corporation) with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended December 31, 2007. Central City Economic Opportunity Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Central City Economic Opportunity Corporation's management. My responsibility is to express an opinion on Central City Economic Opportunity Corporation's compliance based on my audit.

I conducted my 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; and OMB Circular A-133, "Audits of the States, Local Governments, Non-Profit Organizations." Those standards and OMB Circular A-133 require that I 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 Central City Economic Opportunity Corporation's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Central City Economic Opportunity Corporation's compliance with those requirements.

As described in item 2007-1, in the accompanying schedule of findings and questioned costs, Central City Economic Opportunity Corporation did not comply with requirements regarding enrollment that are applicable to its Head Start Program. Compliance with such requirements is necessary, in my opinion, for Central City Economic Opportunity Corporation to comply with requirements applicable to that program.

In my opinion, except for the noncompliance described in the preceding paragraph, Central City Economic Opportunity Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended.

Internal Control Over Compliance

The management of Central City Economic Opportunity Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Central City Economic Opportunity Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Central City Economic Opportunity Corporation's internal control over compliance.

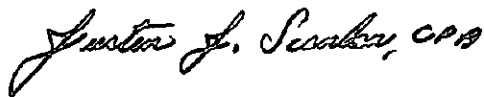
A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

Central City Economic Opportunity Corporation's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit Central City Economic Opportunity Corporation's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of management, Louisiana Legislative Auditor, Board of Directors, 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



New Orleans, Louisiana
May 21, 2008

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2007

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Central City Economic Opportunity Corporation.
2. The statement that reportable conditions in internal control were disclosed by the audit of the financial statements and whether any such conditions were material weaknesses is not applicable.
3. No instances of noncompliance material to the financial statements of Central City Economic Opportunity Corporation were disclosed during the audit.
4. The statement that reportable conditions in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses is not applicable.
5. The auditor's report on compliance for the major federal award programs for Central City Economic Opportunity Corporation expresses an qualified opinion.
6. The audit disclosed no findings which are required to be reported under Section 510(a) of Circular A-133.
7. The major program tested as major program included:

Head Start Center Based Program – CFDA No. 93.600
8. The threshold for distinguishing Type A and Type B programs was \$300,000.
9. Central City Economic Opportunity Corporation did not qualify as a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

There were no findings related to the financial statements for the year ended December 31, 2007.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

COMPLIANCE

Funds passed through Total Community Action, Inc.

Head Start Center Based Program – CFDA No. 93.600

Grant period – year ended December 31, 2007

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended December 31, 2007

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT

COMPLIANCE - CONTINUED

2007-1 Enrollment

Statement of Condition: The enrollment levels did not adhere to the levels specified in the financial assistance award.

Criteria: The enrollment levels must exceed 135 students for the year ended December 31, 2007.

Effect of Condition: Costs may be disallowed by the grantor.

Questioned Costs: None.

Cause of Condition: The enrollment levels totaled 82 students for the year ended December 31, 2007.

Recommendation: The enrollment levels should be monitored monthly to assure enrollment levels adhere to the levels specified in the financial assistance award.

Response: See Corrective Action Plan.

D. STATUS OF PRIOR YEAR AUDIT FINDINGS

The status of the prior year audit findings are as follows:

	<u>Resolved</u>	<u>Unresolved</u>
Control Deficiencies		
2006-1 Accounting System	X	



**Central City
Economic Opportunity Corporation**

"Bold Enough to Lead"

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New Orleans, LA 70113

Wali Abdel-Ra'oof
President

Priscilla Edwards
Executive Director

"Strong Enough to Deliver"

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King S. Wells, Sr.
Deputy Director

CORRECTIVE ACTION PLAN

**SCHEDULE OF FINDINGS RELATED TO THE 2007 FINANCIAL AUDIT AND
MAJOR FEDERAL AWARD PROGRAM**

1. Contract stated "Center to service 135 children" but 82 children were serviced.

RESPONSE:

The above problem was the result of the City of New Orleans not cleaning and renovating the Phase I Building after Hurricane Katrina as anticipated.

Central City EOC has reduced the number of children that they will service for the 2008 fiscal year to 82 children.

"A TCA, Inc. Head Start Delegate Agency"

"An Equal Opportunity Employer"
www.centralcityno.com