

CORPORATION

FOR NATIONAL

 SERVICE

OFFICE OF THE INSPECTOR GENERAL

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

Audit of

ACORN Housing Corporation

New Orleans, LA

Grant Number 94ADN1L001

This report is issued to CNS Management. According to OMB Circular A-50, *Audit Followup*, the Corporation must make a final management decision no later than September 25, 1996. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented or the amount of disallowed costs.

The Inspector General must approve any request for public release of this report.

**ACORN Housing Corporation
1024 Elysian Fields
New Orleans, LA 70117**

**Corporation for National Service
Award Number 94ADNIL001**

**Financial Schedules
and
Independent Auditor's Reports**

**For the Period
June 24, 1994 to September 1, 1995**

**Leonard G. Birnbaum and Company
Certified Public Accountants
6285 Franconia Road
Alexandria, Virginia 22310
(703) 922-7622**

ACORN Housing Corporation

Table of Contents

	<u>Page</u>
REPORT SUMMARY AND HIGHLIGHTS:	
Purpose and Scope of Audit	1
Summary of Audit Results	2
Matters Requiring Resolution	4
Background	6
INDEPENDENT AUDITOR’S REPORT	8
FINANCIAL SCHEDULES:	
Schedule A - Schedule of Award Costs	11
Schedule B - Schedule of Questioned Costs	12
Notes to Financial Schedules	15
INDEPENDENT AUDITOR’S REPORTS ON COMPLIANCE AND INTERNAL CONTROL STRUCTURE:	
Independent Auditor’s Report on Compliance	18
Independent Auditor’s Report on Internal Control Structure	23
Follow-up of Prior Audit Findings	26
<u>APPENDIX</u> - AUDITEE’S COMMENTS TO REPORT	27

REPORT SUMMARY AND HIGHLIGHTS

LEONARD G. BIRNBAUM AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

WASHINGTON OFFICE
6285 FRANCONIA ROAD
ALEXANDRIA, VA. 22310

(703) 922-7622

FAX: (703) 922-8256

LEONARD G. BIRNBAUM
LESLIE A. LEIPER
DAVID SAKOFS
CAROL A. SCHNEIDER

WASHINGTON, D.C.
SUMMIT, NEW JERSEY
LOS ALTOS, CALIFORNIA
SAN DIEGO, CALIFORNIA

MEMBERS OF THE
AMERICAN INSTITUTE
OF CPAs

**Inspector General
Corporation for National Service
1201 New York Avenue, NW
Washington, DC 20525**

PURPOSE AND SCOPE OF AUDIT

We have performed an audit of the funds awarded by the Corporation for National Service (CNS) to ACORN Housing Corporation (AHC) as follows:

<u>Award Number</u>	<u>Award Period</u>	<u>Audit Period</u>
94ADNIL001	June 24, 1994 to September 30, 1995	June 24, 1994 to September 1, 1995

By mutual agreement between CNS and AHC, effort under the award was terminated prior to the end of the award period. All costs had been incurred by September 1, 1995.

The objectives of our audit were to determine whether:

1. Financial reports prepared by the auditee presented fairly the financial condition of the award;
2. The system of internal control structure was adequate to safeguard Federal funds;
3. The auditee had adequate procedures and controls to ensure compliance with Federal laws, CNS regulations and award conditions; and
4. The award costs reported to CNS were documented and allowable in accordance with the award terms and conditions.

Inspector General
 Corporation for National Service
 Washington, DC 20525

Our audit was made in accordance with generally accepted auditing standards, and *Government Auditing Standards* (1994 Revision) issued by the Comptroller General of the United States. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the amounts claimed against the CNS grant award as presented in the schedule of award costs (Schedule A), are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in Schedule A. An audit also includes assessing the accounting principles used and significant estimates made by the auditee, as well as evaluating the overall financial schedule presentation. We believe our audit provides a reasonable basis for our opinion.

SUMMARY OF AUDIT RESULTS

An audit was performed on the financial reports submitted by AHC to the CNS. These reports are summarized in Schedule A as follows:

<u>CNS Award Number</u>	<u>Award Budget</u>	<u>Claimed Costs</u>	<u>Questioned Costs</u>
94ADNIL001	<u>\$1,419,983</u>	<u>\$752,565</u>	<u>\$87,556</u>

As a result of our audit of the aforementioned award, we are questioning costs totalling \$87,556. Questioned costs are costs for which there is documentation that the recorded costs were expended in violation of the law, regulations or specific conditions of the award or those costs which require additional support by the grantee or which require interpretation of allowability by the CNS grant or contract officer.

The following summarizes the costs questioned on the above award by reason:

<u>Explanation</u>	<u>Amount</u>
• The grantee claimed labor costs which exceeded the approved budget.	\$ 5,775
• The grantee claimed rental costs for which there was no adequate documentation.	57,200
• The grantee claimed administrative costs which exceeded the approved budget.	<u>24,581</u>
Total Questioned Costs	<u>\$87,556</u>

Inspector General
Corporation for National Service
Washington, DC 20525

We used a judgmental sampling method to test the costs claimed by the auditee to CNS. Based upon this sampling plan, questioned costs in this report may not represent total costs that may have been questioned had all expenditures been tested. In addition, we have made no attempt to project such costs to total expenditures claimed, based on the relationship of costs tested to total costs.

The following is a brief description of the various findings which resulted from our audit. For a complete discussion of each finding, refer to the appropriate Independent Auditor's Report on Compliance or Independent Auditor's Report on Internal Control Structure.

COMPLIANCE FINDINGS

Our audit disclosed the following instances of non-compliance:

- The grantee did not comply with the procurement requirements articulated in Office of Management and Budget (OMB) Circular A-110, Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations.
- The grantee has not had an audit performed in accordance with OMB Circular A-133.
- The grantee claimed labor and administrative costs in excess of the CNS approved budget.
- The grantee has not complied with the requirements of OMB Circular A-110 which relate to program income.
- The grantee does not maintain labor distribution records which identify direct labor by program or project as required by Attachment B to OMB Circular A-122.

Inspector General
Corporation for National Service
Washington, DC 20525

INTERNAL CONTROL STRUCTURE

Our audit disclosed the following matters which we consider to be reportable conditions in the internal control structure and its operation:

- Lack of adequate controls for labor reporting.
- Lack of adequate controls over personnel files for AmeriCorps members.
- Lack of adequate controls over cash disbursements.
- Lack of adequate controls over rental costs.

MATTERS REQUIRING RESOLUTION

Program Income:

During an investigation of performance of this award, interviews with AHC employees elicited the fact that certain fees had been solicited and received from prospective loan applicants. The financial data presented to us as representing the costs incurred under the grant do not reflect any fees received.

Under paragraph __.2 of Office of Management and Budget (OMB) Circular A-110, program income is defined to include "income from fees for services performed". Accordingly, the fees would be properly characterized as program income and subject to the requirements of the OMB Circular, CNS regulations and the terms and conditions of the grant.

Attempts thus far to obtain data from AHC with respect to this program income have been unsuccessful.

In its report on grant performance for the quarter ended June 30, 1995, AHC reported the following cumulative performance:

Individuals who have received one-on-one counseling -	3,224
Individuals who have applied for a mortgage -	572

Inspector General
Corporation for National Service
Washington, DC 20525

The earlier investigation indicated that loan counseling did not begin until January 1995. Since the reported data reflects a six month period, extrapolation to the eight month period of performance would yield 4,299 individuals who received one-on-one counseling and 763 individuals who applied for a mortgage.

Considering that mortgage applications and the attendant fee collections could be for couples, the range of the number of fees actually collected would fall somewhere above 382 ($763 \div 2$), on the assumption that some investigations would not support a mortgage application, and below 4,299, on the assumption that, in some cases, ineligibility would be apparent.

The amount of individual fees charged is unclear. A document produced during the cited investigation sets forth "\$20 per person or \$25 per couple". Another document reflects \$10. Testimony of a former AHC employee cites a fee of \$50 which was reduced to \$35. Another former employee testified that the fee was \$50 and that the actual cost associated with the fee was \$8.

Consequently, the range of program income generated by these fees would appear to be between \$16,044 [$\$42 (\$50-\$8) \times 382$] and \$180,558 [$\$42 \times 4,299$].

Paragraph 20., Project Income, of AHC's AmeriCorps grant provides that "(p)rogram income earned during the program period shall be retained by the Grantee and added to the funds committed to the program". The corresponding language in OMB Circular A-110 reads "(a)dded to funds committed to the project by the Federal awarding agency and recipient and used to further eligible project or program objectives".

Prior to and during the performance of its AmeriCorps grant, AHC had an ongoing loan counseling program which it funded independently of the AmeriCorps program. This independent program would seem to qualify as furthering eligible project or program objectives. However, because AHC has not disclosed either the extent of its program income, or how the income was applied, we cannot assess whether AHC complied with the CNS regulations or the terms of the grant related to program income. CNS management must determine how this unreported program income will affect its determination of the total allowable costs under this grant.

Equipment:

AHC acquired equipment, at a cost of \$19,521, during its performance of the grant. The terms of the grant provide that title to the equipment vests with AHC, but that CNS has a reversionary interest in the equipment and the right to direct the disposition upon completion of grant

Inspector General
Corporation for National Service
Washington, DC 20525

performance. As of the date of our audit, AHC had not received any direction from CNS as to the disposition of the equipment.

BACKGROUND

ACORN Housing Corporation, (AHC), is a not-for-profit organization which was established in 1985 as a way for providing direct housing services. The project under the direction of AHC is described as follows:

<u>Award Number</u>	<u>Award Description</u>
94ADNIL001	The purpose of the grant is to expand AHC's existing loan counseling program by allowing them to train 42 Americorps members in various locations throughout the Nation to identify low income families interested in purchasing homes, assist these families in identifying suitable properties for purchase, and advising them in securing financing for the homes.

REPORT RELEASE

This report is intended for the information and use of the Corporation's and AMC's management. However, this report is a matter of public record and its distribution is not limited.

INDEPENDENT AUDITOR'S REPORTS

LEONARD G. BIRNBAUM AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

WASHINGTON OFFICE

6285 FRANCONIA ROAD

ALEXANDRIA, VA. 22310

(703) 922-7622

FAX: (703) 922-8256

LEONARD G. BIRNBAUM
LESLIE A. LEIPER
DAVID SAKOFS
CAROL A. SCHNEIDER

WASHINGTON, D.C.
SUMMIT, NEW JERSEY
LOS ALTOS, CALIFORNIA
SAN DIEGO, CALIFORNIA

MEMBERS OF THE
AMERICAN INSTITUTE
OF CPA'S

**Inspector General
Corporation for National Service
1201 New York Avenue, NW
Washington, DC 20525**

INDEPENDENT AUDITOR'S REPORT

We have audited the costs claimed by Acorn Housing Corporation to the Corporation for National Service on the Financial Status Report - total Federal Share for the grant number listed below. These Financial Status Reports, as presented in the schedule of award costs (Schedule A), are the responsibility of the Grantee's management. Our responsibility is to express an opinion on Schedule A based on our audit.

<u>Award Number</u>	<u>Award Period</u>	<u>Audit Period</u>
94ADNIL001	June 24, 1994 to September, 30, 1995	June 24, 1994 to September 1, 1995

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards, and *Government Auditing Standards* (1994 Revision), 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 schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial schedule presentation. We believe our audit provides a reasonable basis for our opinion.

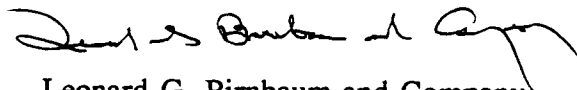
Inspector General
Corporation for National Service
Washington, DC 20525

The accompanying financial schedules were prepared for the purpose of complying with the requirements of the award agreement as described in Note 1, and are not intended to be a complete presentation of financial position in conformity with generally accepted accounting principles.

We were unable to obtain a management representations letter as required by generally accepted auditing standards and Government Auditing Standards. The grantee's refusal to provide such a letter seriously impairs the auditor's ability to rely on other representations made by management.

In our opinion, except for the effects of the grantee's refusal to provide us with a management representations letter as discussed in the preceding paragraph, and for \$87,556 in questioned costs, the financial schedules referred to above present fairly, in all material respects, the costs claimed in the Financial Status Report - Federal Share as presented in the schedule of award costs (Schedule A), for the period June 24 1994 to September 1, 1995 in conformity with the award agreements and on the basis of accounting described in Note 1.

This report is intended for the information and use of the Corporation's and AHC's management. However, this report is a matter of public record and its distribution is not limited.



Leonard G. Birnbaum and Company

Alexandria, Virginia
December 7, 1995

FINANCIAL SCHEDULES

ACORN Housing Corporation
Corporation for National Service
Award Number 94ADNIL001
From June 24, 1994 to September 1, 1995

Final

Cost Category	Approved Budget		Claimed Costs (A)		Questioned Costs	Schedule Reference
	AHC	Total	CNS	AHC		
<u>Participant Support Costs</u>						
Training & Education	\$ 15,227	\$ 50,755	\$ 26,594	\$ 11,177	\$ 37,771	
Uniforms	-	840	-	-	-	
Other	9,468	31,560	-	-	-	
Subtotal	<u>24,695</u>	<u>83,155</u>	<u>26,594</u>	<u>11,177</u>	<u>37,771</u>	
<u>Staff</u>						
Salaries	76,290	254,300	102,194	43,798	145,992	Schedule B
Benefits	19,431	64,770	17,939	7,688	25,627	
Other	5,280	17,600	11,063	4,742	15,805	
Subtotal	<u>101,001</u>	<u>336,670</u>	<u>131,196</u>	<u>56,228</u>	<u>187,424</u>	
<u>Operational</u>						
Travel	2,160	7,200	15,536	6,548	22,084	
Transportation	1,555	5,184	-	-	-	
Supplies	5,670	18,900	1,373	578	1,951	
Equipment	10,000	20,000	13,733	5,788	19,521	
Other	43,006	143,356	64,203	27,048	91,251	Schedule B
Subtotal	<u>62,391</u>	<u>194,640</u>	<u>94,845</u>	<u>39,962</u>	<u>134,807</u>	
<u>Internal Evaluation</u>	<u>1,000</u>	<u>3,000</u>	-	-	-	
<u>Administration</u>	<u>28,670</u>	<u>67,618</u>	<u>38,790</u>	<u>16,613</u>	<u>55,403</u>	Schedule B
Subtotal	<u>217,757</u>	<u>685,083</u>	<u>291,424</u>	<u>123,981</u>	<u>415,405</u>	
<u>Other Participant Support</u>						
Living Allowances	315,252	588,000	138,908	152,303	291,211	
Fica/Workmen's Comp.	38,871	72,500	13,763	15,091	28,854	
Health Care	7,260	50,400	8,154	8,941	17,095	
Performance Bonus	24,000	24,000	-	-	-	
Subtotal	<u>385,383</u>	<u>734,900</u>	<u>160,865</u>	<u>176,295</u>	<u>337,160</u>	
Total	<u>\$816,843</u>	<u>\$1,419,983</u>	<u>\$452,289</u>	<u>\$300,276</u>	<u>\$752,565</u>	
Questioned Costs Allocated						
			\$ 61,290	\$ 26,266	\$ 87,556	Schedule B
					\$ (87,556)	Schedule B

(A) The total representing costs claimed agrees with the expenditures reported on the Financial Status Report as of September 8, 1995.

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

ACORN Housing Corporation
Corporation for National Service Award Number 94ADN1L001
Schedule of Questioned Costs
From June 24, 1994 to September 1, 1995

1. Staff Salaries

Based on the supporting documentation, we have questioned \$5,775 of the amount claimed for staff salaries. This amount represents payroll costs claimed for AHC's program director in excess of the CNS approved budget.

2. Operational - Other

AHC charged \$61,200 to the grant for rent of various facilities, the majority of which were subleases from what we believe may be related parties. For example, the lease supporting rent of \$500 per month for facilities in Brooklyn, New York, is between Association of Community Organizations for Reform Now (ACORN) as landlord and the AmeriCorps project as tenant. A lease with similar landlord and tenant supports rent of \$600 per month for facilities in Chicago.

Except for \$4,000 of rent applicable to facilities in Phoenix, Arizona, we were unable to verify the lease cost to leases executed by independent third parties. Requests to AHC for such information were unanswered. While these rental costs do not appear unreasonable, we have no way of knowing whether they were, in fact, incurred by what may be related party landlords. Accordingly, in the absence of AHC providing these data, we have questioned the rent claimed except for that applicable to the Phoenix facilities.

3. Administration

Office of Management and Budget (OMB) Circular A-110, Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations sets forth requirements to be followed by recipients of Federal grants and agreements to which the Circular is applicable. Among the requirements articulated in the Circular are those related to procurement of supplies and other expendable property, equipment, real property and other services with Federal funds.

3. Administration - continued

Paragraph __.43 of OMB Circular A-110 requires that all procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free Competition. Paragraph __.45 of the Circular requires that some form of cost or price analysis shall be made and documented in the procurement files in connection with every procurement action. Paragraph __.46 requires procurement records to include (a) basis for contractor selection, (b) justification for lack of competition when competitive bids or offers are not obtained, and (c) basis for award cost of price.

During 1994, AHC contracted with Citizens Consulting, Inc., an entity which may be related to AHC, to provide administrative services in support of the AmeriCorps grant. This procurement was not competed and requests to AHC to demonstrate compliance with the previously cited provisions of OMB Circular were unanswered. (Please refer to Compliance finding No. 1).

The grant budget provides for ceiling amounts for administrative services. These ceilings, which are expressed as a percentage of total program costs (less child care and administrative expenses) are 2 percent for audit, 2.36 percent for bookkeeping and clerical, .5 percent for legal services and 2 percent for audit services.

A comparison of the amounts charged to the program for these services and the corresponding ceilings provided by the budget are as follows:

	<u>Bookkeeping & Clerical</u>	<u>Legal</u>	<u>Audit</u>	<u>Other</u>	<u>Total</u>
Claimed	\$ 26,803	\$ 5,948	\$ 22,624	\$ 28	\$ 55,403
Allowable	<u>14,968</u>	<u>3,170</u>	<u>12,684</u>	<u>-</u>	<u>30,822</u>
Questioned	<u>\$ 11,835</u>	<u>\$ 2,778</u>	<u>\$ 9,940</u>	<u>\$ 28</u>	<u>\$ 24,581</u>

Administrative Ceilings:

Bookkeeping/clerical (2.36% of total costs)	\$ 14,968
Legal (.5% of total costs)	3,170
Audit (2% of total costs)	<u>12,684</u>
Total Allowable	<u>\$ 30,822</u>

3. Administration - continued

Total costs, for this purpose, were calculated as \$634,187 (claimed costs of \$752,565 less administrative costs of \$55,403 and questioned costs of \$62,975).

While we were unable to assess the reasonableness of the amounts charged for audit, bookkeeping, data entry and legal services by reference to documents which would demonstrate that these services were competed, it is our opinion, based on our own experience in this field, that the aggregate ceiling (approximately \$31,000) would be reasonable for audit, bookkeeping and data entry services alone.

Accordingly, we recommend acceptance of the amounts permitted by the budget ceilings and have questioned the excess.

4. Allocation of Questioned Costs

	<u>CNS</u>	<u>AHC</u>	<u>Total</u>
Staff - Salaries	\$ 4,043	\$ 1,732	\$ 5,775
Operational - Other	40,040	17,160	57,200
Administration	<u>17,207</u>	<u>7,374</u>	<u>24,581</u>
Total Questioned Costs	<u>\$61,290</u>	<u>\$26,266</u>	<u>\$87,556</u>

Questioned costs were allocated as between CNS and AHC on the same ratio as claimed.

ACORN Housing Corporation
Notes to Financial Schedules
From June 24, 1994 to September 1, 1995

1. Summary of Significant Accounting Policies:

Accounting Basis

The accompanying financial schedules have been prepared in conformity with Corporation for National Service (CNS) instructions. Schedules A and B have been prepared from the reports submitted to CNS. The basis of accounting utilized in preparation of these reports differs from generally accepted accounting principles. The following information summarizes these differences:

A. Equity

Under the terms of the award, all funds not expended according to the award agreement and budget at the end of the award period are to be returned to CNS. Therefore, the auditee does not maintain any equity in the award and any excess of cash received from CNS over final expenditures is due back to CNS.

B. Equipment

Equipment is charged to expense in the period during which it is purchased instead of being recognized as an asset and depreciated over its useful life. As a result, the expenses reflected in the statement of award costs include the cost of equipment purchased during the period rather than a provision for depreciation.

The equipment acquired is owned by the ACORN Housing Corporation while used in the program for which it is purchased or in other future authorized programs. However, CNS has the reversionary interest in the equipment. Its disposition, as well as the ownership of any proceeds therefrom, is subject to Federal regulations.

C. Inventory

Minor materials and supplies are charged to expense during the period of purchase. As a result, no inventory is recognized for these items in the financial schedules.

ACORN Housing Corporation
Notes to Financial Schedules
From June 24, 1994 to September 1, 1995

2. Income Taxes

ACORN Housing Corporation is a non-profit corporation officially incorporated in the State of Louisiana. ACORN Housing Corporation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Service.

INDEPENDENT AUDITOR'S REPORTS
ON
COMPLIANCE AND INTERNAL CONTROL STRUCTURE

LEONARD G. BIRNBAUM AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

WASHINGTON OFFICE
6285 FRANCONIA ROAD
ALEXANDRIA, VA. 22310

(703) 922-7622

FAX: (703) 922-8256

LEONARD G. BIRNBAUM
LESLIE A. LEIPER
DAVID SAKOFS
CAROL A. SCHNEIDER

WASHINGTON, D.C.
SUMMIT, NEW JERSEY
LOS ALTOS, CALIFORNIA
SAN DIEGO, CALIFORNIA

MEMBERS OF THE
AMERICAN INSTITUTE
OF CPA'S

**Inspector General
Corporation for National Service
1201 New York Avenue, NW
Washington, DC 20525**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

We have audited the schedule of award costs, as presented in Schedule A which summarizes the financial reports submitted by ACORN Housing Corporation (AHC) to the Corporation for National Service (CNS) for the award listed below, and have issued our report thereon dated December 7, 1995.

<u>Award Number</u>	<u>Award Period</u>	<u>Audit Period</u>
94ADNIL001	June 24, 1994 to September 30, 1995	June 24, 1994 to September 1, 1995

We conducted our audit in accordance with generally accepted auditing standards, and *Government Auditing Standards* (1994 Revision), 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 schedules are free of material misstatement.

Compliance with laws, regulations, and the provisions of the award is the responsibility of AHC's management. As part of obtaining reasonable assurance about whether the financial schedules are free of material misstatement, we performed tests of AHC's compliance with certain provisions of laws, regulations, and the terms and conditions of the award. However, our objective was not to provide an opinion on overall compliance with such provisions.

Inspector General
Corporation for National Service
Washington, DC 20525

Material instances of noncompliance are failures to follow requirements, or violations of prohibitions, contained in statutes, regulations, and the provisions of the award that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the financial schedules. The results of our tests of compliance disclosed the following material instances of noncompliance, and the questioned costs as reflected in Schedule B, the effects of which have not been corrected in the amounts as reflected in the claimed costs column in Schedule A.

Finding No. 1

The grantee did not comply with the procurement requirements articulated in Office of Management and Budget (OMB) Circular A-110, Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations.

Recommendation

We recommend that the grantee establish procedures to ensure that, in the future, the procurement requirements of Office of Management and Budget (OMB) Circular A-110 are followed.

Auditee's Comments

The grantee did not respond to this finding.

Auditor's Response

Because the grantee did not respond to this finding, our original recommendation remains unchanged.

Finding No. 2

The grantee has not had audits conducted in accordance with OMB Circular A-133 which stipulates that recipients of Federal grant awards of at least \$25,000 must have an audit conducted at least every two years by an independent auditor. Although the grantee has been receiving Federal Funds since prior to this grant, and A-133 audit has not been completed. Currently the grantee is in the process of having an A-133 audit conducted for fiscal year 1993.

Inspector General
Corporation for National Service
Washington, DC 20525

Recommendation

We recommend that the grantee have audits conducted in accordance with OMB Circular A-133.

Auditee's Comments

The grantee did not respond to this finding.

Auditor's Response

Because the grantee did not respond to this finding, our original recommendation remains unchanged.

Finding No. 3

The grantee claimed labor and administrative costs in excess of the approved budget.

Recommendation

We recommend that the grantee establish procedures to ensure that actual costs do not exceed the approved budget.

Auditee's Comments

The grantee disagrees with this finding stating that it believes it is entitled to reimbursement of all budgeted administrative costs irrespective of the fact that the grant was terminated early because the termination resulted in the elimination of program expenses which would have absorbed their share of these costs.

Auditor's Response

While this is an interesting interpretation, the grant language restricts administrative costs to 5 percent of Federal funds received, the grantee will not receive funds, i.e., cash for that portion of the budget which was not spent. Accordingly, our original position remains unchanged.

Finding No. 4

The grantee has not complied with the requirements of OMB Circular A-110 which relate to program income.

Inspector General
Corporation for National Service
Washington, DC 20525

Auditee's Comments

The grantee responded by presenting data that asserts that there was no net program income generated.

Auditor's Response

The records presented to us during the audit did not reflect program income or any of the asserted expenses associated with this income. Accordingly, (1) our position that the grantee did not record program income as required by Circular A-110 remains unchanged and (2) we are not in a position to express an opinion on financial data which was presented after completion of our audit.

Finding No. 5

The Grantee does not maintain labor distribution records which identify direct labor by program or project as required by Attachment B to OMB Circular A-122.

Auditee's Comments

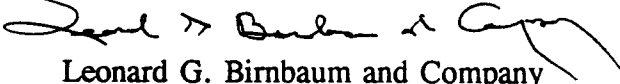
The grantee disagrees stating that in all cases, the payroll records, the written authorizations for disbursement, and the general ledger tracked the AmeriCorps personnel and "members" distinctly.

Auditor's Response

Subparagraph L.2 of Attachment B to OMB A-122 required that charges for salaries and wages be supported by reports reflecting the distribution of activity of each employee. The documents which AHC represent as support for salaries and wages are not labor distribution records. These documents do not identify in any way, shape or form the project upon which the individual is working, they merely identify the number of hours worked. These records, then, are time and attendance records, not labor distribution records. Our original recommendation remains unchanged.

Inspector General
Corporation for National Service
Washington, DC 20525

This report is intended for the information and use of the Corporation's and AHC's management. However this report is a matter of public record and its distribution is not limited.


Leonard G. Birnbaum and Company

Alexandria, Virginia
December 7, 1995

LEONARD G. BIRNBAUM AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

WASHINGTON OFFICE
6285 FRANCONIA ROAD
ALEXANDRIA, VA. 22310

(703) 922-7622

FAX: (703) 922-8256

LEONARD G. BIRNBAUM
LESLIE A. LEIPER
DAVID SAKOFS
CAROL A. SCHNEIDER

WASHINGTON, D.C.
SUMMIT, NEW JERSEY
LOS ALTOS, CALIFORNIA
SAN DIEGO, CALIFORNIA

MEMBERS OF THE
AMERICAN INSTITUTE
OF CPAs

Inspector General
Corporation for National Service
1201 New York Avenue, NW
Washington, DC 20525

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE

We have audited the schedule of award costs, as presented in Schedule A which summarizes the financial reports submitted by ACORN Housing Corporation (AHC) to the Corporation for National Service (CNS) for the grant listed below, and have issued our report thereon dated December 7, 1995.

<u>Award Number</u>	<u>Award Period</u>	<u>Audit Period</u>
94ADNIL001	June 24, 1994 to September 30, 1995	June 24, 1994 to September 1, 1995

We conducted our audit in accordance with generally accepted auditing standards, and *Government Auditing Standards* (1994 Revision), 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 schedules are free of material misstatement.

In planning and performing our audit of Schedule A for the period June 24, 1994 to September 1, 1995, we considered AHC's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial schedules and not to provide assurance on the internal control structure.

Inspector General
Corporation for National Service
Washington, DC 20525

The management of AHC is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs on internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial schedules in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

- Cash Disbursements
- Cash Receipts
- Payroll/timekeeping
- Recordkeeping

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we have assessed control risk.

We noted the following matters involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure, that, in our judgment, could adversely affect the entity's ability to record, possess, summarize and report financial data consistent with the assertions of management in the financial schedules.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the rest of the errors or irregularities in amounts that would be material in relation to the financial schedules being audited may occur and not be detected within a timely period by employee in the normal course of performing their assigned function.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not

Inspector General
Corporation for National Service
Washington, DC 20525

necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. We believe the reportable condition described above is not a material weakness. However, our study and evaluation and our audit disclosed the following conditions that we believe result in more than a relatively low risk that errors or irregularities in amounts that would be material to the CNS grant may occur and not be detected within a timely period.

Finding No. 1

The grantee lacks adequate controls over their labor reporting. Please refer to Finding No. 5 in the accompanying Independent Auditor's Report on Compliance.

Finding No. 2

The grantee lacks adequate control over personnel files for AmeriCorps members. Our testing indicated AmeriCorps member files to be incomplete. Further, general recordkeeping and file maintenance was found to be less than adequate.

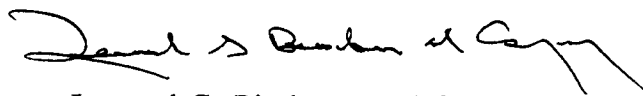
Finding No. 3

The grantee lacks adequate controls over cash disbursements. Source documents do not identify the related projects or programs.

Finding No. 4

The grantee lacks adequate control over rental costs. No supporting documentation is available to verify lease costs to leases executed by independent third parties.

This report is intended for the information and use of the Corporation's and AHC's management. However, this report is a matter of public record and its distribution is not limited.


Leonard G. Birnbaum and Company

Alexandria, Virginia
December 7, 1995

FOLLOW-UP OF PRIOR AUDIT FINDINGS

From April 20, 1995 through July 21, 1995, the Corporation for National Service performed an audit to examine certain issues regarding the CNS grant to AHC. As a result of that audit, the Corporation for National Service issued a report dated August 1, 1995. The objectives of the audit included ascertaining whether AHC and the Association of Community Organizations for Reform Now (ACORN) were separate entities, and to examine costs charged to the grant to determine if AHC had an accounting system that supports Federal reporting requirements.

The report referred to above contained three findings and recommendations, one of which has been satisfactorily resolved. The following findings have not been adequately resolved.

Finding No. 1

It appears that AHC and ACORN do not always operate at-arms-length from one another. Numerous transactions and activities involve AHC and other fraternal ACORN related corporations. (Refer to finding No. 4 in the Independent Auditor's Report on Internal Control Structure.)

Finding No. 2

Americorps programs costs are not properly supported. No written procedures exist to determine allowability of costs under Circular A-122. (Refer to findings 2 and 3 in the Independent Auditor's Report on Internal Control Structure.)

APPENDIX

**ACORN
HOUSING
CORPORATION**

117 W. Harrison Chicago Illinois 60605 312-939-1611(voice) 312-939-4239 (fax)

Mr. Les Leiper
Leonard G. Birnbaum and Company
Certified Public Accountants
Washington Office
6285 Franconia Road
Alexandria, VA 22310

Sent Via Fax: March 26, 1996

Dear Mr. Leiper:

I write to respond to the draft audit report which your firm prepared on the costs incurred under the AmeriCorps grant awarded by the Corporation for National Service to ACORN Housing Corporation.

Rent and Administrative Costs

The draft report acknowledges that the "rental costs do not appear unreasonable." We have provided leases executed by independent third parties. Rent space requirements were based upon the approved staffing levels for the AmeriCorp grant. There is no legitimate basis for questioning the costs paid for rent by AHC under the AmeriCorp grant.

As demonstrated in documents previously provided to the Office of Inspector General, ACORN Housing Corporation had consistently contracted prior to the AmeriCorp grant with Citizens Consulting Incorporated for financial and legal services. The costs charged to the AmeriCorp grant are consistent with the pre-existing agreements. The transactions between AHC and CCI are at arm's length and are approved by the AHC board at its meetings in April and October. It would be unreasonable to expect a company to enter into a new business relationship for accounting, audit and legal services for one program (AmeriCorp) when that company already has a pre-existing, long-standing contract for those services for all other programs.

The various administrative expense percentages allowed under the grant (and the overall 5% limitation on administrative expenses) should only apply to the amount of the original grant award. The termination of the grant and the consequent reduction in the scale of expenditures should not impact on the expenditures already made for these purposes prior to grant termination, since the termination resulted in the elimination of program expenses which would have absorbed their share of these costs.

We have previously provided the Office of Inspector General with a thorough response to this issue, complete with voluminous documentation. We urge you to review these materials. An additional response is included in the attached letter from Mr. Ernest Agresto, Certified Public Accountant.

Program Income

The attached schedules chart for the period of the AmeriCorp contract, for each of the 9 sites where AmeriCorp members worked, the credit-inquiry receipts collected by all

ACORN Housing Corporation loan-counseling staff (AmeriCorps and non-AmeriCorps) as well as direct disbursements made to further eligible program objectives. These disbursements were made to pay for credit reports (from credit reporting agencies) and for salaries and fringe of loan counselors (who were not paid with AmeriCorp grant funds.) Even without subtracting other costs associated with furthering the home loan counseling program (and not funded by AmeriCorp grant), for example for supplies, copying, mailing, bookkeeping, or audit services, there is no net generated from the credit inquiries.

In summary, the numbers look like this:

Credit-inquiry fees collected	\$52,834.35
Associated credit-agency billings	<35,714.43>
Associated Personnel services (Non AmeriCorp funded Loan Counselors)	<30,710.11>
Net	<\$13,590.19>

The attached schedules chart the general-ledger transactions resulting in the above summary. For each deposit, AHC has the detailed deposit record and a copy of the check or money order received. For each disbursement, comparably, AHC has the detailed billing statement. If you need to review any of these documents, or a sampling of the documents, please let me know.

Please note that the AmeriCorps project required submission of the short-form federal reports, which do not provide for reporting on program revenues or associated expenditures.

Equipment

We don't consider the 7 computers, 7 monitors and 7 printers bought with AmeriCorp funds to be 'equipment', as defined in the government cost accounting standards, since the individual cost of each of these items falls below the threshold for capitalization. The cost of each computer/monitor/printer package purchased for each of seven sites was \$2,319.75—an amount below the threshold for capitalization as defined in government accounting standards. It appears that your office is combining the costs of each of these seven packages into an aggregate. It is not reasonable to define as one piece of equipment seven different computer packages located in seven different cities.

Representation Letter

I am not aware of having received from your firm a request for a management representations letter. In July of 1995 management representation letters were provided to the Office of Inspector General by both ACORN Housing Corporation and Citizens Consulting, Incorporated. I would be more than willing to provide a management representation letter to your firm, upon receipt of a written request for such a letter.

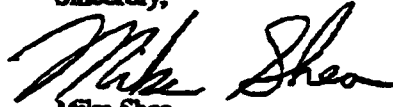
Compliance and Internal Control Structures

We remain confused over the quibbling on the annotation of documentation for non-payroll disbursements. The written authorizations for expenditures and the general ledger identified the AmeriCorps transactions specifically. The overwhelming majority of expenditures were based on invoices directed to the AmeriCorp project. In the few instances where the individual invoices were not annotated with the "project purpose", that information was provided by AHC management on the written authorizations for disbursement of AmeriCorp funds.

We are also at-sea on your allegations concerning documentation for payroll disbursements. In all cases the payroll records, the written authorizations for disbursement, and the general ledger tracked the AmeriCorps personnel and "members" distinctly. The only employees with split responsibilities between AmeriCorp and other projects were the AHC executive director and the project director. The timesheets from these two employees adequately documented their division of labor.

Should you have any questions on the content of this response, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Mike Shea". The signature is fluid and cursive, with the first name "Mike" and last name "Shea" clearly legible.

Mike Shea
Executive Director

encl

ERNEST AGRESTO
CERTIFIED PUBLIC ACCOUNTANT
214 W. Main Street, Suite 205
Mooresville, New Jersey 08057

(609)273-1770 • Fax (609)273-6385

March 25, 1996

Mr. Michael D. Shea
ACORN Housing Corporation
117 W. Harrison
Chicago, Illinois 60605

In accordance with your request, I have had an opportunity to review the draft audit report issued by Leonard G. Birnbaum and Company regarding ACORN Housing Corporation (AHC). My comments will be limited to the following areas:

- 1) Rent Costs
- 2) Administrative Costs

In regard to the rent costs, I have sent various documents to Mr. Leslie A. Leiper Senior Partner of the firm in an attempt to support the rent paid by AHC. Though I am pleased that the draft report acknowledges that the "rental costs do not appear unreasonable", I am distressed that there remains an issue based upon leases executed by independent third parties. Based upon the information contained in my previous correspondence I do not believe there is a basis to question the costs paid for rent by AHC.

In regard to the administrative costs, the grant ceiling amounts, expressed as a percentage of total program costs, are not valid, since the subject grant was terminated. As a result of the termination, program costs were eliminated which would have absorbed its share of administrative costs. Furthermore the ceilings were established based upon grant completion.

If there are any questions concerning the above please do not hesitate to call.

Ernest Agresto
Ernest Agresto

RECONCILIATION OF CREDIT RESEARCH DEPOSITS/CREDIT INQUIRIES
 LOAN COUNSELING OFFICES

ARIZONA LN COUNSELING:
C-102-0650 Bal per original trial: 309.50
 ADD: deposit #78 (paid to AHQ/Arizona) (236.00)
 deposit #3 (paid 8/23/95) (12.00)
 deposit #2141K (dated 06/02/95) (20.00)
 Updated account balance: 469.20 201.20

COLORADO LN COUNSELING:
F-102-1330 Bal per original trial: 3,228.90
 ADD: deposit #14 (paid 8/9/95) (3,942.00)
 deposit #15 (paid 8/18/95) (493.54)
 deposit #15 (paid 8/18/95) (224.00)
 Updated account balance: 3,228.90 (1,430.64)

DC LN COUNSELING:
H-102-1350 Bal per original trial: 2,332.91
 ADD: deposit #41 (paid 9/01/95) (63.00)
 deposit #42 (paid 10/16/95)* (530.00)
 deposit #45 (paid 11/16/95)* (65.00)
 Updated account balance: 2,923.71 (46.29)

ARKILLINOIS LN COUNSELING:

K-102-0650

Bal per original trial:
deposit #260(paid 8/10/95)
deposit #265(paid 12/20/95)

(1,346.00)
(430.00)
(30.00)

K-102-1350

Bal per original trial:
(no additional vouchers pd)

2,582.50

Updated account balance:

(1,806.00)

Updated account balance:

2,582.50

776.50

LOUISIANA LN COUNSELING:

M-102-0650

Bal per original trial:
deposit #31(paid 8/11/95)
deposit #32(paid 8/22/95)*
deposit #33(paid 8/30/95)*
deposit #34(paid 08/30/95)*
deposit #37(paid 10/16/95)

(3,755.00)
(180.00)
(70.00)
(395.00)
(20.00)
(25.00)

M-102-1350

Bal per original trial:
(no additional vouchers pd)

680.00

Updated account balance:

(4,445.00)

Updated account balance:

680.00

(3,765.00)

NY LN COUNSELING:

V-102-0650

Bal per original trial:
deposit #35(paid 8/2/95)
deposit #36(paid 10/18/95)*
deposit #38(paid 11/18/95)*

(4,015.00)
(525.00)
(865.00)
(305.00)

V-102-1350

Bal per original trial:
(no additional vouchers pd)

4,100.00

Updated account balance:

(5,510.00)

Updated account balance:

4,100.00

(1,410.00)

DALLAS LN COUNSELING:

4-102-0650

Bal per original trial:
deposit #76(paid 8/8/95)
deposit #83(paid 10/18/95)*

(5,005.00)
(1,235.00)
(70.00)

4-102-1350

Bal per original trial:
(no additional vouchers pd)

2,197.50

(77.93)

ADD:
SUBTRACT: voucher #16772(dated 12/27/94)

Updated account balance:

(6,310.00)

Updated account balance:

2,119.57

(4,190.43)

HOUSTON LN COUNSELING:

4-103-0650

Bal per original trial:
 deposit #77 (paid 8/8/95)
 deposit #78 (paid 9/11/95)
 deposit #82 (paid 10/11/95)
 deposit #83 (paid 10/17/95)*
 deposit #85 (paid 11/16/95)*
 deposit #85 (paid 10/10/94)

(10,889.50)
 (1,715.00)
 (380.00)
 (105.00)
 (35.00)
 (2,030.00)
 740.00

Updated account balance:

(14,614.50)

Updated account balance: 8,278.00

(6,336.50)

Bal per original trial:
 (no additional vouchers pd)

4-103-1350

ADD:

PENNSYLVANIA LN COUNSELING:

Z-102-8650

Bal per original trial:
 deposit #148 (paid 9/19/95 - AHC PA)
 deposit #109 (paid 10/20/95)
 deposit #149 (paid 09/14/95 - AHC PA)*
 deposit #150 (paid 09/22/95 - AHC PA)*
 deposit #151 (paid 09/25/95 - AHC PA)*
 deposit #152 (paid 09/25/95 - AHC PA)*
 deposit #153 (paid 09/27/95 - AHC PA)*
 deposit #156 (paid 09/28/95 - AHC PA)
 deposit #157 (paid 10/09/95 - AHC PA)
 deposit #159 (paid 10/26/95 - AHC PA)
 deposit #160 (paid 10/27/95 - AHC PA)
 deposit #161 (paid 11/13/95 - AHC PA)*

(7,959.21)
 (60.00)
 (150.00)
 (880.00)
 (900.00)
 (625.00)
 (1,063.00)
 (960.00)
 (80.00)
 (20.00)
 (25.00)
 (190.00)
 (40.00)

Updated account balance:

30.00

Updated account balance: 11,330.55

(918.76)

Bal per original trial:
 voucher #1714 (dated 06/27/95)

Z-102-1350

ADD:

* = Only part of the deposit applies to this time period in question
 NOTE: Negative differences = Income > expenses and vice versa

Updated account balance: (12,299.31)

(12,299.31)

Net Difference: (17,192.22)

CHECK HISTORY REPORT

SORTED BY CHECK NUMBER
 FOR ALL CHECKS
 FOR EMPLOYEES 54-0537 TO 54-0537 FOR THE PERIOD 01/22/95 TO 08/07/95

CHECK #	EMP #	DATE	GROSS PAY	FEDERAL TAX	FICA SS	FICA MED	STATE TAX	OTHER DED	NET PAY	VAC	SICK
1540	54-0537	01/22/95	666.66	.00	41.33	9.67	11.25	2.63	601.78	.00	.00
1568	54-0537	02/07/95	666.66	.00	41.33	9.67	11.25	2.63	601.78	.00	.00
1577	54-0537	02/22/95	666.66	.00	41.33	9.67	11.25	2.63	601.78	.00	.00
1584	54-0537	03/07/95	666.66	.00	41.33	9.67	11.25	2.63	601.78	.00	.00
1595	54-0537	03/22/95	666.66	.00	41.33	9.67	11.25	2.63	601.78	.00	.00
1613	54-0537	04/07/95	666.66	.00	41.33	9.67	11.25	2.63	601.78	.00	.00
1621	54-0537	04/22/95	666.66	.00	41.33	9.67	11.25	7.96	596.45	.00	.00
1631	54-0537	05/11/95	666.66	.00	41.33	9.67	11.25	7.96	596.45	.00	.00
1638	54-0537	05/22/95	666.66	.00	41.33	9.67	11.25	7.96	596.45	.00	.00
1650	54-0537	06/07/95	666.66	.00	41.33	9.67	11.25	7.96	596.45	.00	.00
1634	54-0537	06/22/95	666.66	.00	41.33	9.67	11.25	7.96	596.45	.00	.00
1671	54-0537	07/07/95	666.66	.00	41.33	9.67	11.25	7.96	596.45	.00	.00
1678	54-0537	07/22/95	666.66	.00	41.33	9.67	11.25	7.96	596.45	.00	.00
1691	54-0537	08/07/95	666.66	.00	41.33	9.67	11.25	7.96	596.45	.00	.00
14 TOTAL CHECK RECORDS											

TOTALS:

Gross Pay	9,333.24
Federal Tax	0.00
FICA Social Security	578.62
FICA Medicare	135.38
State Tax	157.50
Other Deductions	79.46
Net Pay	8,382.28
Vacation Accrual	0.00
Sick Accrual	0.00

CHECK HISTORY REPORT

SORTED BY EMPLOYEE NUMBER

FOR ALL CHECKS

FOR EMPLOYEES 53-0656 TO 53-0656 FOR THE PERIOD 10/15/94 TO 08/07/95

EMP #	CHECK #	DATE	GROSS PAY	FEDERAL TAX	FICA SS	FICA MED	STATE TAX	OTHER DED	NET PAY	VAC	SICK
53-0656	1417	01/10/95	750.00	4.53	46.50	10.88	19.45	.00	668.64	.00	.00
53-0656	1434	01/22/95	750.00	4.53	46.50	10.88	19.45	.00	668.64	.00	.00
53-0656	1444	02/07/95	750.00	2.50	46.50	10.88	19.45	.00	670.67	.00	.00
53-0656	1490	02/22/95	750.00	2.50	46.50	10.88	19.45	.00	670.67	.00	.00
53-0656	1458	03/08/95	750.00	2.50	46.50	10.88	19.45	.00	670.67	.00	.00
53-0656	1470	03/22/95	750.00	65.00	46.50	10.88	19.45	.00	608.17	.00	.00
53-0656	1478	04/07/95	750.00	65.00	46.50	10.88	19.45	.00	608.17	.00	.00
53-0656	1485	04/22/95	750.00	65.00	46.50	10.88	19.45	.00	608.17	.00	.00
53-0656	1492	05/07/95	750.00	65.00	46.50	10.88	19.45	.00	608.17	.00	.00
53-0656	1498	05/22/95	750.00	65.00	46.50	10.88	19.45	.00	608.17	.00	.00
53-0656	1508	06/07/95	750.00	65.00	46.50	10.88	19.45	.00	608.17	.00	.00
53-0656	1519	06/22/95	750.00	65.00	46.50	10.88	19.45	.00	608.17	.00	.00
53-0656	1536	07/07/95	750.00	65.00	46.50	10.88	19.45	.00	608.17	.00	.00
53-0656	1537	07/07/95	750.00	65.00	46.50	10.88	19.45	.00	608.17	.00	.00
53-0656	1537	07/07/95	750.00	65.00	46.50	10.88	19.45	.00	608.17	.00	.00
53-0656	1543	07/22/95	750.00	65.00	46.50	10.88	19.45	.00	608.17	.00	.00
53-0656	1554	08/07/95	750.00	65.00	46.50	10.88	19.45	.00	608.17	.00	.00

17 TOTAL CHECK RECORDS

TOTALS:

Gross Pay	11,250.00
Federal Tax	666.56
FICA Social Security	697.50
FICA Medicare	168.20
State Tax	291.75
Other Deductions	0.00
Net Pay	9,430.99
Vacation Accrual	0.00
Sick Accrual	0.00

CHECK HISTORY REPORT

33,309.50CR

57,606.19

SORTED BY CHECK NUMBER

FOR ALL CHECKS

FOR EMPLOYEES 19-0226 TO 19-0226 FOR THE PERIOD 01/15/95 TO 08/07/95

CHECK #	EMP. #	DATE	GROSS PAY	FEDERAL TAX	FICA SS	FICA MED	STATE TAX	OTHER DED	NET PAY	VAC	SICK
1583	19-0226	04/07/95	630.00	23.25	39.06	9.14	.00	.00	558.55	.00	.0
1583	19-0226	04/07/95	630.00	23.25	39.06	9.14	.00	.00	558.55	.00	.0
2487	19-0226	01/22/95	600.00	19.69	37.20	8.70	.00	.00	534.41	.00	.0
2496	19-0226	02/07/95	600.00	18.75	37.20	8.70	.00	.00	535.35	.00	.0
2503	19-0226	02/23/95	600.00	18.75	37.20	8.70	.00	.00	535.35	.00	.0
2583	19-0226	04/07/95	630.00	23.25	39.06	9.14	.00	.00	558.55	.00	.0
2774	19-0226	03/08/95	600.00	18.75	37.20	8.70	.00	.00	535.35	.00	.0
2779	19-0226	03/22/95	630.00	23.25	39.06	9.14	.00	.00	558.55	.00	.0
2787	19-0226	04/22/95	630.00	23.25	39.06	9.14	.00	.00	558.55	.00	.0
2794	19-0226	05/07/95	538.52	9.53	33.39	7.81	.00	.00	487.79	.00	.0
10 TOTAL CHECK RECORDS											

TOTALS:

Gross Pay	4,828.52
Federal Tax	158.22
FICA Social Security	299.37
FICA Medicare	70.03
State Tax	0.00
Other Deductions	0.00
Net Pay	4,305.90
Vacation Accrual	0.00
Sick Accrual	0.00

SUMMARY OF PERSONNEL COSTS

Gross Pay	25,411.76
FICA Match	1,944.00
Benefits	2,888.23
State Unemployment	686.12
TOTAL	30,710.11