



OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



FILE COPY

DARLENE GREEN  
Comptroller

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September 13, 2011

Aaron Henning, Executive Director  
Harambee Youth Training Corporation  
1142 Hodiament  
St. Louis, MO 63112

RE: Community Development Block Grant (CDBG) (Project #2011-CDA28)

Dear Mr. Henning:

Enclosed is a report of the fiscal monitoring review of the Harambee Youth Training Corporation, a not-for-profit organization, CDBG program, for the period January 1, 2010 through December 31, 2010. The scope of a fiscal monitoring review is less than an audit, and as such, we do not express an opinion on the financial operations of the Harambee Youth Training Corporation. Fieldwork was completed on June 23, 2011.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the Community Development Administration (CDA) to provide fiscal monitoring to all grant sub recipients.

If you have any questions, please contact the Internal Audit Section at 314-622-4723.

Sincerely,

Dr. Kenneth M. Stone, CPA  
Internal Audit Executive

Enclosure

cc: Jill Claybour, Acting Executive Director, CDA  
Lorna Alexander, Special Assistant for Development, CDA



# CITY OF ST. LOUIS CITY OF ST. LOUIS

**COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

**HARAMBEE YOUTH TRAINING CORPORATION  
CONTRACT #10-11-93  
CFDA #14.218**

**FISCAL MONITORING REVIEW**

**JANUARY 1, 2010 THROUGH DECEMBER 31, 2010**

**PROJECT #2011-CDA28**

**DATE ISSUED: SEPTEMBER 13, 2011**

**Prepared by:  
The Internal Audit Section**



# OFFICE OF THE COMPTROLLER OFFICE OF THE COMPTROLLER

**HONORABLE DARLENE GREEN, COMPTROLLER**

**CITY OF ST. LOUIS  
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
HARAMBEE YOUTH TRAINING CORPORATION  
FISCAL MONITORING REVIEW  
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010**

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## INTRODUCTION

### Background

**Contract Name:** Harambee Youth Training Corporation

**Contract Number:** 10-11-93

**CFDA Number:** 14.218

**Contract Period:** January 1, 2010 through December 30, 2010

**Contract Amount:** \$20,000

The contract provided Community Development Block Grant (CDBG) funds to Harambee Youth Training Corporation (Agency) for assistance in training youth in the St. Louis area by providing an opportunity to gain both personal character development and the necessary work experience to succeed in a work environment.

### Purpose

The purpose was to determine the Agency's compliance with federal, state, and local Community Development Administration (CDA) requirements for the period January 1, 2010 through December 31, 2010, and make recommendations for improvements as considered necessary.

### Scope and Methodology

Inquiries were made regarding the Agency's internal controls relating to the grants administered by CDA. Evidence was tested supporting reports the Agency submitted to CDA and other procedures were performed as considered necessary. Fieldwork was completed on June 23, 2011.

### Exit Conference

The Agency was offered the opportunity for an exit conference on August 25, 2011 but the Agency declined.

### Management's Responses

Management's response to the observations and recommendations noted in the report were received on August 26, 2011, and has been incorporated into the report.

## SUMMARY OF OBSERVATIONS

### Conclusion

The Agency did not fully comply with federal, state, and local CDA requirements.

### Status of Prior Observations

The Agency's previous fiscal monitoring report, Project #2010-CDA29, issued November 9, 2010, contained no observations.

### A-133 Status

According to a letter received from the Agency dated May 24, 2011, it did not expend \$500,000 or more in federal funds in its calendar year ended December 31, 2010, and was not required to have an A-133 single audit report.

### Summary of Current Observations

A recommendation was made for the following observation, which if implemented, could assist the Agency in fully complying with federal, state, and local CDA requirements.

- Opportunity to address going concern issue.

**DETAILED OBSERVATIONS, RECOMMENDATIONS  
AND MANAGEMENT'S RESPONSES**

**Opportunity To Address Going Concern Issue**

Based on the Agency's financial statements for the last two years the Agency appears to have a going concern issue.

The Agency's Balance Sheets as of December 31, 2009 and December 31, 2010, showed negative working capital (excess of current liabilities over current assets). The Agency's income statements for the respective years showed net losses as follows:

<b>Description</b>	<b>December 31, 2009</b>	<b>December 31, 2010</b>
Working Capital	(\$8,165.69)	(\$6,955.59)
Net Income	(\$72,630.78)	(\$2,201.98)

In addition, the Agency's Board of Director's meeting minutes for January, March, July, and September 2010 noted budget shortfalls.

Going concern measures the entity's ability to stay operational for the foreseeable future by continuing to realize assets and discharge liabilities in the normal course of business, and generate sufficient resources to stay operational. Positive working capital, an excess of current assets over current liabilities, and excess of income over expenditures provide evidence that an entity will stay going concern for the foreseeable future.

The Agency does not have budgetary controls in place to ensure its operating expenses do not exceed its revenues.

An uncertainty over the Agency's ability to continue in operation for the foreseeable future may limit the Agency's ability to provide the services to the community as required by the grant contract. It may also lead the funding sources to discontinue funding the Agency.

**Recommendation**

It is recommended that the Agency implement budgetary controls to ensure its expenses do not exceed the revenues it receives. In addition, the Agency seek additional funding sources to meet its operational requirements to achieve a positive financial outlook.

***Management's Response***

*Our agency continues to seek new avenues of funding in order to manage our cash flow and sustain our operations. Already in 2011 we have received a \$50,000 grant from a new source and have also connected with several new private donors who are supporting us regularly. We will be carefully monitoring both our expenses and income as we complete the current year and plan for 2012, and will take steps to modify our budget as often as needed.*