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TO: Chuck Lesnick, City Council President
All City Council Members

CC: Philip A. Amicone, Mayor
Louis Kirven, Commissioner, Department of Planning and Development
Lourdes Roman Rivera, Founder/President, Living Transformation International Center

FROM: Dan Schorr, Inspector General *DS*

SUBJECT: Grant Inspection and Review Report for Living Transformation International Center
CDBG YR 35: \$23,000 – Emergency Shelter Grant

DATE: August 4, 2010

This report is issued in response to City Council Resolution No. 52-2008, which directed the Inspector General to “develop an ongoing oversight program to monitor CBOs [Community Based Organizations] and other entities that receive grant funding from the City of Yonkers,” and Resolution No. 94-2008, which directed the Inspector General to “move forward” with the plan that was submitted.

Summary of Findings and Recommendations

Living Transformation International Center (“Living Transformation”) provides much-needed food pantry services and workshops for the homeless, senior citizens on fixed incomes, and other members of the community. Because it is a small organization coordinated by only two individuals, it has retained the services of a certified public accountant to review financial records and prepare annual financial statements.

Organizational Overview

Living Transformation, created in 1997 as a not-for-profit organization, provides food pantry services to homeless individuals and others in need in Westchester County. The organization has three

programs that share this mission: Operation Fightback, Urban Youth Café, and Hearty Helpings. Operation Fightback is the only program funded by the City.

Grant Summary

In year 35 of the CDBG program (February 1, 2009 – January 31, 2010), Living Transformation received an Emergency Shelter Grant (ESG) of \$23,000 from the City to help fund the food pantry services of Operation Fightback. The total projected budget of Operation Fightback is \$60,000, which includes funds from other grants and an anonymous donation.

Living Transformation’s Operation Fightback provides food pantry services to the homeless and other Westchester residents in need, such as children of immigrants who are born here in America, seniors existing on fixed incomes, homebound clients, and emergency walk-ins. In addition, it organizes annual holiday dinners for Thanksgiving and Christmas. There is no charge for program participants.

The City funds were budgeted as follows:

\$ 4,000	Salaries and Wages
\$ 7,344	Rent
\$ 4,509	Utilities and Telephone
\$ 2,739	Maintenance
\$ 1,390	Insurance
\$ 1,313	Program and Office Supplies
\$ 1,049	Fuel
<u>\$ 656</u>	Miscellaneous Expenses
Total: \$ 23,000	

Site Visit

On two occasions, Inspector General Dan Schorr and Deputy Inspector General Ed Benes met with Lourdes Roman Rivera, Founder/President of Living Transformation, and Henry Rivera, Executive Director, at their headquarters at 28 Lawrence Street in Yonkers. The facility contains a large meeting room and a storage area holding significant quantities of food.

Living Transformation’s main source of food is the Food Bank for Westchester, which donates a line of credit with which Living Transformation orders food that is delivered to the pantry. It also receives a small line of credit that is donated by Shop Rite. The food is then distributed at their headquarters and delivered to home-bound clients.

Furthermore, last year the organization was awarded federal stimulus funds of \$25,000, which were used in part to purchase food. An anonymous donor provided an additional \$10,000.

Payments

All requests submitted for City funds were documented and consistent with the approved grant contract between the City and Living Transformation. The various payments were supported by cancelled checks, invoices, and/or other documentation that satisfied the policy and practice of the Department of Planning and Development for approval of CDBG claims for reimbursement. Our analysis showed that Living Transformation had occasional cash flow issues and released certain checks after the receipt of funds from the City. After the checks cleared, copies were sent to the City to confirm that payments were made.

Program Participants

Grant recipients are required to submit “Quarterly Progress Reports” to the City that provide statistical information regarding the ethnicity and income levels of people who participated in grant funded programs. Under applicable HUD regulations, programs that receive funding must document that at least 51% of the program participants are from families with low to moderate incomes. At the time of our audit, for the grant year of February 1, 2009 through January 31, 2010, Living Transformation submitted three progress reports for their grants. A fourth report was not necessary because grant funds for the year had already been utilized.

We reviewed the quarterly reports and a sample of intake sheets for Grant Year 35 and determined that Living Transformation was properly documenting applicants’ income and status, which satisfies HUD requirements. The reports showed that for the relevant grant period it assisted a total of 891 people who were all classified as extremely low income individuals.

Internal Controls

Due to the fact that Living Transformation is for the most part coordinated by only two people, there isn’t the separation of duties and cash controls that would be present in a larger organization. To compensate for this lack of separation of duties, Living Transformation has retained the services of a certified public accountant to perform bank account reconciliations, prepare cash receipts and disbursement schedules, and create annual financial statements.

Conclusions

Living Transformation runs valuable food pantry services for those in need and utilizes grant money appropriately and consistent with their approved grants. Specifically, we note:

- Living Transformation spent Year 35 CDBG funds in accordance with the approved grant budget. There was proper documentation submitted for CDBG claims in support of payments under the grants.
- NYPDC’s Quarterly Progress Reports were detailed and provided statistics to show how the programs were serving the community and meeting the specific objectives of their programs.