

CHARMAINE PHILIPS PLATENBURG
Certified Public Accountant

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Audited Financial Statements

of

Desire Community Housing Corporation

As of and For the Year Ended

December 31, 1999

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 08-16-00

Table of Contents

	Page
Independent Auditor's Report.....	1-2
Balance Sheet	3
Statement of Profit & Loss.....	4
Supplemental Information	
Schedule of Federal Awards.....	5
Statements of Profit & Loss by Class	6-13
Independent Auditor's Report On Compliance and Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With <i>Government</i> <i>Auditing Standards</i>	14-15
Independent Auditor's Report On Compliance With Requirements Applicable To Each Major Program And On Internal Control Structure Over Compliance in Accordance With OMB Circular A-133.....	16-17
Schedule of Findings and Questioned Costs.....	18-21
Status of Prior Year Audit Findings.....	22

CHARMAINE PHILIPS PLATENBURG
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Desire Community Housing Corporation

I was engaged to audit the accompanying balance sheet of Desire Community Housing Corporation (a non-profit corporation) as of December 31, 1999 and the related statement of profit and loss for the year then ended. These financial statements are the responsibility of Desire Community Housing Corporation's (DCHC) management.

Due to difficulties experienced by Desire Community Housing Corporation in ensuring that accounting transactions were accurately recorded to the accounting records, there are risks of misclassification of accounts and incorrect postings of amounts and risk that transactions and accounts that should be recorded in the financial statements might be omitted. In addition, management has elected to omit all disclosures and a statement of cash flows that are required by generally accepted accounting principles. Accordingly, I was unable to restrict such risk by performing sufficient substantive procedures to enable myself to form an opinion regarding the financial statements.

Because of the significance of the matter discussed in the preceding paragraph and the fact that I was unable to apply other auditing procedures to satisfy myself as to whether the financial statements were free of material misstatement, the scope of my work was not sufficient to enable me to express, and I do not express, an opinion on these financial statements referred to in the first paragraph.

I was engaged to audit the financial statements of Desire Corporation Housing Corporation taken as a whole. The accompanying supplemental information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of Desire Community Housing Corporation. The Schedule of Expenditures of Federal Awards is required by the U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profits Organizations." Such information was not subjected to the auditing procedures that are applied in the audit of the basic financial statements. As a result of the scope limitations described in the preceding paragraph, my work was not sufficient to enable me to express, and I do not express, an opinion on the supplemental information.

In accordance with Government Auditing Standards, I have also issued a report dated July 31, 2000, on my consideration of Desire Community Housing Corporation's internal control over financial

reporting and my test of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

Charmaine Philips-Platenburg, CPA

Charmaine Philips-Platenburg, CPA

New Orleans, LA

July 31, 2000

CHARMAINE PHILIPS-PLATENBURG

Certified Public Accountant

1340 Poydras Street • Suite 2130
New Orleans, LA 70112

Desire Community Housing Corporation
Balance Sheet
As of December 31, 1999

Assets

Current Assets:

Cash and Cash Equivalents	\$	258,183
Grants Receivable		98,975
Mortgage Receivable		55,568
Due from Other Funds		158,176
Due from Employees		14,781
		14,781

Total Current Assets 585,683

Other Assets:

Contracts Receivable		(24,975)
Due from Others		(1,783)
		(1,783)

Total Other Assets (26,758)

Fixed Assets

Land		22,573
Buildings		2,986,499
		2,986,499

Total Fixed Assets 3,009,072

Total Assets \$ 3,567,997

Liabilities & Stockholder's Equity

Current Liabilities:

Accounts Payable	\$	7,701
Other Employee Deductions		19,500
Payroll Taxes		(2,050)
		(2,050)

Total Current Liabilities 25,151

Other Liabilities:

Due to General Funds		465,817
Security Deposits - Tenants		957
Escrow		2,191
Due to Other Programs		30,378
		30,378

Total Other Liabilities 499,343.00

Total Liabilities 524,494.00

Net Assets:

Unrestricted Net Assets		3,048,449
Restricted Net Assets		(4,946)
		(4,946)

Total Net Assets 3,043,503

Total Liabilities & Net Assets \$ 3,567,997

DESIRE COMMUNITY HOUSING CORPORATION
Statement of Profit & Loss
For the Year Ended December 31, 1999

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Contract Appropriations	\$ -	\$ 1,726,501	\$ 1,726,501
Other Income	348,178	-	348,178
Net Assets released from restrictions	<u>1,726,501</u>	<u>(1,726,501)</u>	<u>-</u>
Total Revenues	2,074,679	-	2,074,679
Expenses:			
Personnel Costs	972,455	-	972,455
Contract Services	701,690	-	701,690
Interest Finance Interest	133,457	-	133,457
Maintenance/Repairs/Utilities	85,117	-	85,117
Developer's Fees	71,250	-	71,250
Insurance	66,855	-	66,855
Professional Fees - Accounting & Legal	41,635	-	41,635
Property & Equipment, Captialized	21,316	-	21,316
Property Taxes	20,239	-	20,239
Christmas Show Expenses	15,068	-	15,068
Misc. Operator Expenses	14,260	-	14,260
Rents & Leases	12,559	-	12,559
Equipment Leased	7,554	-	7,554
Property & Equipment, Not Captialized	3,559	-	3,559
Professional Fees - Contractors	2,000	-	2,000
Disallowed Costs	742	-	742
Dues & Subscriptions	543	-	543
Suspense	50	-	50
Uncategorized	(365,707)	-	(365,707)
Other Operating Expenses	<u>133,901</u>	<u>-</u>	<u>133,901</u>
Total Expense	<u>1,938,543</u>	<u>-</u>	<u>1,938,543</u>
Decrease in Net Assets	<u>\$ 136,136</u>	<u>-</u>	<u>\$ 136,136</u>

SUPPLEMENTAL INFORMATION

DESIRE COMMUNITY HOUSING CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 1999

<u>PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>EXPENDITURES</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
Passed through the State of Louisiana's Department of Education: Food Distribution	10.550	\$ 56,673
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>		
Passed through the State of Louisiana's Department of Social Services: Child Care Services	93.600	35,222
Project Independence	93.600	<u>2,346</u>
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES		37,568
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>		
Passed through the City of New Orleans Community Development Block Grant Program Entitlement Grants	14.218	146,857
Home Investment Partnerships Program	14.239	<u>541,927</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		<u>\$ 688,784</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 783,025</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. The Schedule of Expenditures of Federal Awards was prepared on the accrual basis of accounting.

DESIRE COMMUNITY HOUSING CORPORATION

Profit and Loss by Class

For the Year Ended December 31, 1999

	Admin 30	Bayou Apts		Desi Flo		Desi Flo		Desi Flo	
		Rental		State Contract	Food Contract	City Contract	Program Income		
Expenses:									
Suspense									
Personnel Costs		151	26,147	31,716	146,857		161		
Developer's Fees									
Professional Fees - Contractors									
Professional Fees - Accounting & Legal									
Property & Equipment, Capitalized			950						877
Property & Equipment, Not Capitalized									
Equipment Leased	(10)		551	24,051			8,916		
Other Operating Expenses			2,507						
Property Taxes									
Insurance			1,695	186			780		
Maintenance/Repairs/Utilities		4,404	476	80					
Misc. Operator Expenses			246						
Dues & Subscriptions									
Contract Services			2,650	640			(90)		
Interest Finance Interest		17,360							
Rents & Leases		2,495							
Christmas Show Expenses									
Uncategorized									
Disallowed Costs									
Total Expenses	(10)	24,490	35,222	56,673	146,857		10,644		

DESIRE COMMUNITY HOUSING CORPORATION

Profit and Loss by Class

For the Year Ended December 31, 1999

	Desi Flo Project Independence	Desire Square	Desire Square Renovations	East Toulon	Fund Raising	Gordon Plaza Management	Gordon Plaza Senior Center 97/98
Expenses:							
Suspense							
Personnel Costs	477	40,950	4,082			28,424	4,847
Developer's Fees		1,000					
Professional Fees - Contractors							
Professional Fees - Accounting & Legal						2,000	200
Property & Equipment, Capitalized		6,000		8,271			2,241
Property & Equipment, Not Capitalized	570	316	696				
Equipment Leased		81				300	
Other Operating Expenses	51	5,228	100	66	2,793	16,810	2,360
Property Taxes							
Insurance	1,113	8,916					933
Maintenance/Repairs/Utilities		37,933	6,992	45	1,880	759	
Misc. Operator Expenses	135	2,489	458			3,555	
Dues & Subscriptions		543					
Contract Services		11,846	64,198	1,214		161	
Interest Finance Interest		2,685					
Rents & Leases		(4,693)					
Christmas Show Expenses							
Uncategorized							
Disallowed Costs							
Total Expenses	2,346	113,294	76,526	9,596	4,673	52,009	10,581

DESIRE COMMUNITY HOUSING CORPORATION

Profit and Loss by Class

For the Year Ended December 31, 1999

	Gordon Plaza Senior Center 98/99	Gordon Plaza Senior Center 99/00	Gordon Plaza Senior Center	HCD Program Income	DCHC Holding	HOME
Expenses:						
Suspense						
Personnel Costs	6,899	28,877	3,563			134,147
Developer's Fees						
Professional Fees - Contractors						
Professional Fees - Accounting & Legal	200	700	200			1,200
Property & Equipment, Capitalized						
Property & Equipment, Not Capitalized						
Equipment Leased		132				
Other Operating Expenses	1,032	5,502	1,419	31	1,086	4,440
Property Taxes						
Insurance	1,836	5,256	3,373			3,573
Maintenance/Repairs/Utilities	371	1,207	63			975
Misc. Operator Expenses						
Dues & Subscriptions						
Contract Services						
Interest Finance Interest						
Rents & Leases						
Christmas Show Expenses						
Uncategorized						
Disallowed Costs						
Total Expenses	10,338	41,674	8,618	31	1,086	144,335

DESIRE COMMUNITY HOUSING CORPORATION

Profit and Loss by Class

For the Year Ended December 31, 1999

	Virgilian	Real Estate	McDonogh #40 Renovation	Owner Occupied Rehab	R.O.C. 98/99	R.O.C. 99/00	R.O.C.
Expenses:							
Suspense							
Personnel Costs			14,513	17,554	107,084	66,968	37,295
Developer's Fees							
Professional Fees - Contractors							
Professional Fees - Accounting & Legal	1,000				5,200	2,600	1,600
Property & Equipment, Capitalized							
Property & Equipment, Not Capitalized							981
Equipment Leased							
Other Operating Expenses		30	2,620		5,010	1,122	2,719
Property Taxes					101		
Insurance					2,572	101	
Maintenance/Repairs/Utilities					1,668	962	224
Misc. Operator Expenses				301			
Dues & Subscriptions							
Contract Services			47,938	36,585			
Interest Finance Interest							
Rents & Leases					5,675	3,114	1,836
Christmas Show Expenses							
Uncategorized							
Disallowed Costs							
Total Expenses	<u>1,000</u>	<u>30</u>	<u>65,071</u>	<u>54,440</u>	<u>127,310</u>	<u>74,867</u>	<u>44,655</u>

DESIRE COMMUNITY HOUSING CORPORATION

Profit and Loss by Class

For the Year Ended December 31, 1999

	St. Ferdinand Street	Unclassified	McDonough 40 Rental	DCHC General - Other	Linden & Wales Rental	Liberty Terrace Phase III
Expenses:						
Suspense						50
Personnel Costs	273	262	383	241	3,087	106,362
Developer's Fees		70,250				
Professional Fees - Contractors						
Professional Fees - Accounting & Legal		1,000	100	5,350		6,000
Property & Equipment, Capitalized		742		3,112		
Property & Equipment, Not Capitalized			1,100			
Equipment Leased		981		970		1,372
Other Operating Expenses		13,509	2,660	4,761	1,211	12,913
Property Taxes		5,780			8,578	5,780
Insurance		8,918	(1,238)	11,554	7,914	7,811
Maintenance/Repairs/Utilities		11,130	1,170	583	8,265	4,344
Misc. Operator Expenses		3,929	170	610		
Dues & Subscriptions						
Contract Services		340,237	20,081	15,170	12,625	87,987
Interest Finance Interest		4,251				50,000
Rents & Leases						1,000
Christmas Show Expenses		1,225				
Uncategorized		(2,344)				(63,465)
Disallowed Costs			742			
Total Expenses	273	459,870	25,168	42,351	41,680	220,154

DESIRE COMMUNITY HOUSING CORPORATION

Profit and Loss by Class

For the Year Ended December 31, 1999

	Liberty Terrace Phase I	Liberty Terrace Project	LESSEPS Mortgage	Jasmine Street	DCHC Insurance	General Hope 3	Hope 3 - 93
Expenses:							
Suspense	25,738						
Personnel Costs							
Developer's Fees				2,000			2,000
Professional Fees - Contractors			4,097				1,088
Professional Fees - Accounting & Legal	1,200						
Property & Equipment, Capitalized							
Property & Equipment, Not Capitalized							
Equipment Leased	(263)	(30)	3,143		(62)		135
Other Operating Expenses							
Property Taxes							
Insurance	74						
Maintenance/Repairs/Utilities	1,082			(255)	1,734		
Misc. Operator Expenses							
Dues & Subscriptions			1,433				4,075
Contract Services	38,215						
Interest Finance Interest	69,951						
Rents & Leases					13,843		
Christmas Show Expenses							
Uncategorized	(202,871)	(97,027)					
Disallowed Costs							
Total Expenses	(66,874)	(97,057)	8,673	1,745	15,577	(62)	7,298

DESIRE COMMUNITY HOUSING CORPORATION

Profit and Loss by Class

For the Year Ended December 31, 1999

	Linden & Wales (HB)	Linden & Wales Security	DCHC Housing Counseling	Housing Couns. Dev. 98/99	Housing Couns. Dev. 99/00	Housing Couns. Dev.
Expenses:						
Suspense				42,231	66,474	18,709
Personnel Costs						
Developer's Fees				5,338		562
Professional Fees - Contractors						
Professional Fees - Accounting & Legal						
Property & Equipment, Capitalized				1,655		541
Property & Equipment, Not Capitalized				3,167	1,327	
Equipment Leased	51					
Other Operating Expenses		4	2,195			
Property Taxes				380		
Insurance				2,048		153
Maintenance/Repairs/Utilities						
Misc. Operator Expenses	(360)		(75)			
Dues & Subscriptions						
Contract Services				(4,300)	3,000	4,300
Interest Finance Interest						
Rents & Leases				4,841		786
Christmas Show Expenses						
Uncategorized						
Disallowed Costs						
Total Expenses	<u>(309)</u>	<u>4</u>	<u>2,120</u>	<u>55,360</u>	<u>70,801</u>	<u>25,051</u>

DESIRE COMMUNITY HOUSING CORPORATION

Profit and Loss by Class

For the Year Ended December 31, 1999

	General Fund	Family Focus	Total
Expenses:			
Suspense			50
Personnel Costs	62	7,921	972,455
Developer's Fees			71,250
Professional Fees - Contractors			2,000
Professional Fees - Accounting & Legal			41,635
Property & Equipment, Capitalized			21,316
Property & Equipment, Not Capitalized			3,559
Equipment Leased			7,554
Other Operating Expenses	372	915	133,901
Property Taxes			20,239
Insurance	277		66,855
Maintenance/Repairs/Utilities	364		85,117
Misc. Operator Expenses	13		14,260
Dues & Subscriptions			543
Contract Services		440	701,690
Interest Finance Interest			133,457
Rents & Leases			12,559
Christmas Show Expenses			15,068
Uncategorized			(365,707)
Disallowed Costs			742
Total Expenses	<u>1,088</u>	<u>9,276</u>	<u>1,938,543</u>

CHARMAINE PHILIPS PLATENBURG
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Desire Community Housing Corporation

I was engaged to audit the financial statements of Desire Community Housing Corporation (a non-profit corporation) as of and for the fiscal year ended December 31, 1999, and have issued my report thereon dated July 31, 2000. I was required to conduct my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. However, due to difficulties experienced by the Organization in ensuring that accounting transactions were accurately recorded in the financial statements, the scope of my work was not sufficient to express, and I do not express, an opinion on the financial statements.

Compliance

As part of my attempt to obtain reasonable assurance about whether Desire Community Housing Corporation's financial statements are free of material misstatement, I was also engaged to perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. However, I noted an instance of noncompliance that is required to be reported under *Governmental Auditing Standards* and which is described in the accompanying schedule of Findings and Questioned Costs as item 99-2.

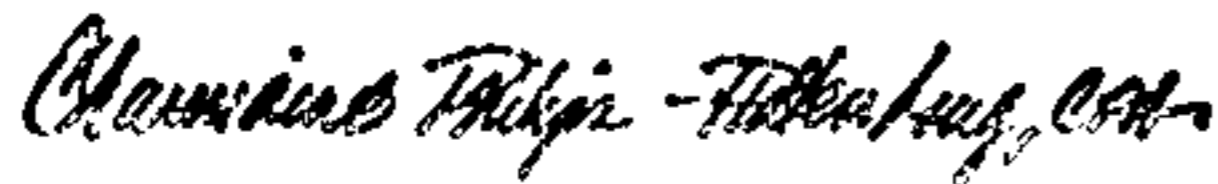
Internal Control Over Financial Reporting

In planning my audit, I considered Desire Community Housing Corporation's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Because of inadequacies in Desire Community Housing Corporation's internal accounting and information system's controls and related accounting records, the scope of my work was not sufficient to express, and I do not express, an opinion on the financial statements. However, I noted a certain matter involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect Desire Community Housing Corporation's ability to record, process, summarize, and report financial data consistent

with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 99-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by the employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reported condition described above, I consider item 99-1 to be a material weakness.

This report is intended solely for the information of the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.



Charmaine Philips-Platenburg, CPA

New Orleans, LA

July 31, 2000

CHARMAINE PHILIPS-PLATENBURG

Certified Public Accountant

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New Orleans, LA 70112

CHARMAINE PHILIPS PLATENBURG
Certified Public Accountant

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

To the Board of Directors of
Desire Community Housing Corporation

Compliance

I was engaged to audit the compliance of Desire Community Housing 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 fiscal year ended December 31, 1999. Desire Community Housing Corporation 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, laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Desire Community Housing Corporation's management.

I was required to conduct an audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and 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 Desire Community Housing Corporation's compliance with those requirements and performing such other procedures as I considered necessary under the circumstances. My audit would not have provided a legal determination of Desire Community Housing Corporation's compliance with those requirements.

Because of the nature and magnitude of the potential effect of the above stated compliance matters, their indirect effect on certain programmatic compliance matters, and by their significance to each major program the scope of my work was not sufficient to enable me to express, and I do not express, an opinion on Desire Community Housing Corporation's compliance with the requirements applicable to each of its major federal programs for the fiscal year ended December 31, 1999 as described in OMB Circular A-133 Compliance Supplement.

However, the results of my attempt to perform auditing procedures disclosed instances of noncompliance. The instances are described as items 99-1, and 99-2 in the accompanying schedule of findings and questioned costs. Desire Community Housing Corporation did not comply with the requirements regarding Reporting Requirements that are applicable to its major federal programs.

Compliance with such requirements is necessary, in my opinion, for the Organization to comply with requirements applicable to that program.

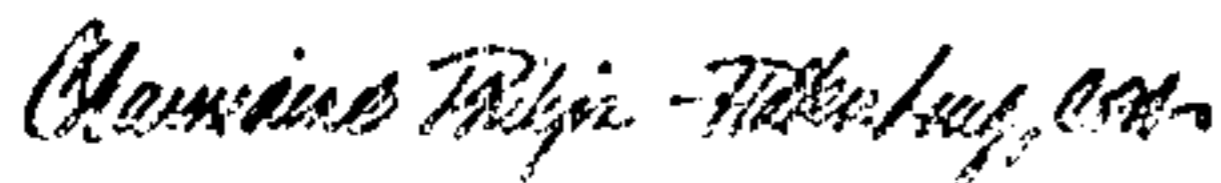
Internal Control Over Compliance

The management of Desire Community Housing Corporation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and attempting to perform the audit, I considered the Organization'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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

I noted certain matters involving the internal control over compliance and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgement, could adversely affect Desire Community Housing Corporation's ability to administer a federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 99-1 and 99-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I consider item 99-1 to be a material weakness.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.



Charmaine Philips-Platenburg, CPA

New Orleans, LA
July 31, 2000

CHARMAINE PHILIPS-PLATENBURG

Certified Public Accountant

1340 Poydras Street • Suite 2130
New Orleans, LA 70112

DESIRE COMMUNITY HOUSING CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 1999

A. SUMMARY OF AUDIT RESULTS

1. A disclaimer of opinion was issued on the financial statements of the auditee.
2. Reportable conditions in internal control were disclosed by the audit of the financial statements and some conditions were deemed to be material weaknesses.
3. The audit disclosed instances of noncompliance that may be material to the financial statements of the audits.
4. Reportable conditions in internal control over major programs were disclosed by the audit and such conditions were deemed to be material weaknesses.
5. A disclaimer of opinion was issued on compliance for major programs.
6. The audit findings required to be reported under Section 510(a) of Circular A-133 are reported in Part C of this schedule.
7. The major program for the year ended December 31, 1999 consists of the following:

Home Investment Partnership Program	CFDA No. 14.239
-------------------------------------	-----------------
8. The dollar threshold to distinguish between Type A and Type B programs was \$300,000.
9. The auditee did not qualify as a low-risk auditee.

DESIRE COMMUNITY HOUSING CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED

For the year ended December 31, 1999

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

99-1. Omitted Transactions

Statement of Condition:

The Organization did not record all accounting transactions pertaining to its programs in the financial statements

Criteria:

In accordance with OMB Circular No. A-133, Section 310(a) Financial Statements "The auditee (Organization) shall prepare financial statements that reflect its financial position, results of operation or changes in net assets, and where appropriate, cash flows for the fiscal year audited. Furthermore, financial statements must contain all financial data in order to accurately present an entity's economic resources and/or obligations at a point in time, or changes there in for a period of time, in accordance with generally accepted accounting principles.

Effect of Condition:

The Organization did not maintain accurate financial statements for the year ending December 31, 1999.

Questioned Costs:

Food Distribution	\$ 56,673
Child Care Services	35,222
Project Independence	2,346
Community Development Block Grant	146,857
HOME	<u>541,927</u>
Total Questioned Costs	<u>\$ 783,025</u>

Cause of Condition:

Management failed to present financial statements in conformity with generally accepted accounting principles.

Recommendation:

Management should implement procedures to assure that all financial transactions are properly recorded in the organization's financial statements.

Response:

See corrective action plan.

DESIRE COMMUNITY HOUSING CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED

For the year ended December 31, 1999

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

99-1. Omitted Transactions

Statement of Condition:

The Organization did not record all accounting transactions pertaining to its programs in the financial statements for the year ended December 31, 1999.

Criteria:

In accordance with OMB Circular No. A-133, Section 310(a) Financial Statements "The auditee (Organization) shall prepare financial statements that reflect its financial position, results of operation or changes in net assets, and where appropriate, cash flows for the fiscal year audited. Furthermore, financial statements must contain all financial data in order to accurately present an entity's economic resources and/or obligations at a point in time, or changes there in for a period of time, in accordance with generally accepted accounting principles.

Effect of Condition:

The Organization did not maintain accurate financial statements for the year ending December 31, 1999.

Questioned Costs:

Food Distribution	\$ 56,673
Child Care Services	35,222
Project Independence	2,346
Community Development Block Grant	146,857
HOME	<u>541,927</u>
Total Questioned Costs	<u>\$ 783,025</u>

Cause of Condition:

Management failed to present financial statements in conformity with generally accepted accounting principles.

Recommendation:

Management should implement procedures to assure that all financial transactions are properly recorded in the organization's financial statements.

Response:

See corrective action plan.

DESIRE COMMUNITY HOUSING CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED

For the year ended December 31, 1999

ADMINISTRATIVE REQUIREMENTS

99-2. Audit Requirements

Statement of Condition:

The Organization did not have an audit of their financial statements completed in a timely manner.

Criteria:

State of Louisiana requires the audit to be completed by June 30, 2000.

Effect of Condition:

Organization was not in compliance with audit requirements established by the State of Louisiana's Office of Legislative Auditor.

Questioned Costs:

None

Cause of Condition:

Financial statements were not readily available for examination.

Recommendation:

Audit of financial statements should be performed in accordance with regulations established by regulatory agencies. Therefore, financial statements and all supporting schedules should be made available to the auditors in a timely manner. In addition, source documents should be maintained in an orderly fashion.

Response:

See corrective action plan.

DESIRE COMMUNITY HOUSING CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED

For the year ended December 31, 1999

	<u>Reportable Conditions</u>	<u>Resolved</u>	<u>Unresolved</u>	<u>Current Findings</u>
1.	Accounting System		X	
2.	Contracts Receivable		X	
3.	Mortgages		X	
4.	Provision for Loan Losses		X	
5.	General Ledger	X		
6.	Omitted Transactions		X	99-1
7.	Audit Requirement		X	99-2
8.	Cash Balances	X		