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HERBIA COMMUNITY DEVELOPMENT CORPORATION, INC.

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Release Date: JUL 1 2 2000

**FINANCIAL AND COMPLIANCE AUDIT
AND SUPPLEMENTARY INFORMATION**

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

**Bruno
& Tervalon**

Chartered Certified Accountants
www.brunoandtervalon.com

HIBERNIA COMMUNITY DEVELOPMENT CORPORATION, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Hibernia Community Development Corporation, Inc.
New Orleans, Louisiana

We have audited the accompanying statements of financial position of **Hibernia Community Development Corporation, Inc.** (**Hibernia CDC**) (a non-profit corporation) as of December 31, 1999 and 1998, and the related statements of activities and cash flows for the years ended. These financial statements are the responsibility of **Hibernia CDC's** management. Our responsibility is to express our opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of **Hibernia CDC** as of December 31, 1999 and 1998, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

**INDEPENDENT AUDITORS' REPORT
CONTINUED**

To the Board of Directors
Hibernia Community Development Corporation, Inc.
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Our audit was performed for the purpose of forming an opinion on the basic financial statements of Hibernia CDC taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Bruno & Tervalon
BRUND & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

June 16, 2000

FINANCIAL STATEMENTS

HiBERNIA COMMUNITY DEVELOPMENT CORPORATION, INC.**STATEMENTS OF FINANCIAL POSITION**

December 31, 1999 and 1998

	1999	1998
Assets		
Cash	\$ 129,519	\$ 635,443
Accounts receivable	492,976	47,075
Contributions in progress	485,512	89,375
Grants receivable	348,438	280,808
Inventory of homes available for sale	188,748	169,282
Notes receivable	66,322	43,831
Inventory of land held for development	280,639	187,475
Total assets	\$ 1,540,942	\$ 1,411,307
Liabilities		
Accounts payable	\$ 40,598	\$ 31,698
Due to related party	1,291,668	740,006
Total liabilities	1,411,698	781,698
Contingencies	-	-
Net Assets - Unrestricted	129,244	629,609
Total liabilities and net assets	\$ 1,540,942	\$ 1,411,307

See notes to financial statements.

HERBORNIA COMMUNITY DEVELOPMENT CORPORATION, INC.**STATEMENTS OF ACTIVITIES**

Years ended December 31, 1999 and 2008

	1999	2008
UNRESTRICTED REVENUES AND SUPPORT:		
Sales of horses	\$ 485,800	\$ 1,772,080
Grants	487,368	1,302,785
Interest income	1,054	429
Contributed facilities and services	599,867	909,554
Total revenues and support	1,574,089	3,484,758
EXPENSES:		
Program	1,184,679	2,758,243
Support	599,867	909,554
Total expenses	1,684,546	3,267,797
Changes in Net Assets	(110,457)	216,961
Net assets at beginning of year	649,609	432,628
Net assets at end of year	\$ 528,452	\$ 649,589

See notes to financial statements.

IBIBERIA COMMUNITY DEVELOPMENT CORPORATION, INC.
STATEMENTS OF CASH FLOWS
 Years ended December 31, 1999 and 1998

	1999	1998
Operating Activities:		
Changes in net assets	\$ (133,357)	\$ 216,981
Adjustments to reconcile changes in net assets to cash provided by (used in) operating activities:		
(Gain) losses on sales of homes	(27,789)	133,704
Decrease in deposits	-	1,835
Increase in accounts receivable	(448,981)	(52,788)
(Increase) decrease in grants receivable	(87,624)	183,215
Decrease in accounts payable	(21,898)	(9,532)
Net cash provided by (used in) operating activities	(704,889)	469,803
Investing Activities:		
Costs of construction	(718,744)	(147,743)
Proceeds from sales of homes	495,880	1,732,808
Issuance of notes receivable	(24,779)	(44,271)
Repayments of notes receivable	4,488	418
Purchase of land for development	(258,380)	(115,843)
Net cash provided by (used in) investing activities	(471,421)	1,485,358
Financing Activities:		
Proceeds from related party	1,460,580	-
Repayments to related party	(369,087)	(1,460,580)
Net cash provided by (used in) financing activities	1,091,493	(1,460,580)
Increase (decrease) in cash	(283,920)	474,961
Cash at beginning of year	633,443	158,482
Cash at end of year	\$ 349,523	\$ 633,443

See notes to financial statements.

HIBERNIA COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1

Summary of Significant Accounting Policies

Hibernia Community Development Corporation, Inc. (Hibernia CDC) is a non-profit 501(c)(3) corporation which works to revitalize declining neighborhoods and provide affordable housing opportunities for low- and middle-income households. Hibernia CDC is a joint effort between Hibernia National Bank and various other non-profit organizations and governmental entities working together to stop the decline of neighborhoods, promote community reinvestment and restore community pride and confidence.

Financial Statement Presentation

Hibernia CDC has implemented the disclosure requirements as set forth in Statement of Financial Accounting Standards No. 317, "Financial Statements of Not-for-Profit Organizations," dated June 1983. Accordingly, the net assets of Hibernia CDC are classified as unrestricted net assets. Therefore, the assets of Hibernia CDC are not subject to donor-imposed restrictions.

Revenue Recognition

Hibernia CDC recognizes all contributed support as income in the period received. Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. During 1989 and 1988, Hibernia CDC did not receive any restricted support.

Guar. Receivables

Hibernia CDC considers the guar. receivable to be fully collectible since the balance consists principally of payments due under governmental contracts. If an amount due becomes uncollectible, it is charged to operations when that determination is made.

Inventory of Homes Available for Sale

The inventory of homes available for sale is carried at cost net to excess estimates of net realizable value determined on an individual project basis. These homes were built in accordance with government contracts.

Contributed Facilities and Services

Contributed facilities and services represent the estimated fair rental value of office space and general corporate services provided by Hibernia National Bank. Contributed facilities and services are provided on a month-to-month basis and amounted to \$580,067 and \$508,354 in 1999 and 1998, respectively. Contributed services are reflected in the financial statements at fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Cash Equivalents

Hibernia CDC considers demand deposits and short-term investments with original maturities of three months or less to be cash equivalents.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Fair Values of Financial Instruments

Generally accepted accounting principles require disclosure of fair value information about financial instruments for which it is practicable to estimate fair value, whether or not recognized in the statements of financial position. Cash and cash equivalents carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of these instruments.

Income Taxes

Hibernia CDC is a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provisions for federal or state income taxes have been recorded in the accompanying financial statements.

NOTE 2**Accounts Receivable**

Hibernia CDC has memorandums of understanding with the Mt. Zion Community Development Corporation and the Inner City Revitalization Coordinating Committee which require that Hibernia CDC be reimbursed for expenditures relating to construction of houses for the Madrid Apartments project and the Madison Street project, respectively. These accounts receivable are unsecured. If an amount due becomes uncollectible, it is charged to operations when that determination is made.

NOTE 3**Grants Receivable**

Grants receivable consisted of the following at December 31, 1999 and 1998.

	December 31,	
	1999	1998
City of New Orleans - Division of Neighborhood		
Development	\$342,930	\$291,156
Neighborhood Housing Improvement Fund	5,500	39,618
Total	\$348,430	\$330,774

NOTE 4**Notes Receivable**

Hibernia CDC purchased notes receivable from Hibernia National Bank at book value during 1998. These notes were originated by Growth Enterprises of Marikell, Inc., a community development corporation. These notes are unsecured, bear interest at rates from 6.75% to 7.50%, and are repaid in quarterly installments (with the exception of the Wauda J. Clark loan which is repaid monthly) with maturity dates through 2005. If any amounts are deemed uncollectible, they will be charged to expense when that determination is made.

NOTE 5**Due to Related Party**

The due to related party is a note payable to Hibernia National Bank. This note payable bears no interest and matures on June 30, 2000 for the Central Line, and August 15, 2000 for the Madrid Line. The total amounts outstanding at December 31, 1999 and 1998 was \$2,371,000 and \$748,000, respectively.

NOTE 6**Expenses**

The following is a summary of program and support expenses.

	Year Ended December 31			
	1999		1998	
	Program Expenses	Support Expenses	Program Expenses	Support Expenses
Cost of Tonnage sold	\$467,291		\$1,965,704	
Program administration (contracted)		\$790,067		\$509,534
Donations	269,265		-	
Administrative agent fees	197,339		88,311	
Homebuyers' assistance	-		361,310	
Sales commissions	22,460		186,328	
Project management fees	-		64,150	
Site preparation	-		53,395	
Security	-		28,487	
Clearing costs	6,666		72,607	
Repairs and maintenance	3,079		14,251	
Professional fees	313		4,810	
Miscellaneous expense	2,433		42,967	
Total	\$1,934,678	\$580,067	\$2,734,243	\$509,534

NOTE 7
Contingencies

Grants and contracts with agencies often require fulfillment of certain conditions as set forth in the terms of the instrument. Failure to fulfill the conditions could result in the return of funds to the grantors. Although the return of funds is a possibility, the Board of Directors deems the contingency unlikely, since Illinois CDC has agreed to comply with the grantor's provisions.

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MEMBER OF BRUNO, BOND, OHL
ALPERT & TERVERSON, INC., P.A.
MEMBER OF BRUNO, BOND, OHL

**INDEPENDENT AUDITORS' REPORT ON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Board of Directors
Hibernia Community Development Corporation, Inc.
New Orleans, Louisiana

We have audited the financial statements of Hibernia Community Development Corporation, Inc. (Hibernia CDC) (a non-profit corporation) for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 16, 2000. These financial statements are the responsibility of Hibernia CDC's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-133, "Audit of Institutions of Higher Education and Other Nonprofit Institutions." These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

Our audits were made for the purpose of forming an opinion on the basic financial statements of Hibernia CDC taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

June 16, 2000

HIBERNIA COMMUNITY DEVELOPMENT CORPORATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

Federal Grantor/ Program Title/Pass-Through Agency	CFDA Number	Expenditures	
		1999	1998
U.S. Department of Housing and Urban Development City of New Orleans - Department of Housing and Neighborhood Development Home Investment Partnership Program	14.209	\$309,454	\$811,486
Total		<u>\$309,454</u>	<u>\$811,486</u>

HERIBERIA COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

NOTE 1

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Heribertia Community Development Corporation, Inc. (Heribertia CDC). Heribertia CDC's reporting entity is defined in Note 1 to Heribertia CDC's financial statements for the years ended December 31, 1999 and 1998. All federal awards received directly from federal agencies are included on the schedule, as well as federal awards passed through other government agencies.

NOTE 2

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to Heribertia CDC's financial statements for the years ended December 31, 1999 and 1998.

NOTE 3

Relationship to Financial Statements

Federal and non-federal award revenues are reported in Heribertia CDC's financial statements as follows:

	1999	1998
From Federal Sources:		
Flow through the City of New Orleans	\$ 399,464	\$ 794,381
Bank Enterprise Award	650,179	496,428
From Non-Federal Sources	<u>27,735</u>	<u>1,586</u>
Total grant revenues from Federal and non-federal sources	<u>\$ 1,077,378</u>	<u>\$ 1,292,395</u>

& Terryalton

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NATIONAL BOARD, P.O. BOX

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AUDITS OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

Board of Directors

Hibernia Community Development Corporation, Inc.
New Orleans, Louisiana

We have audited the financial statements of Hibernia Community Development Corporation, Inc. (Hibernia CDC) (a non-profit corporation) as of and for the years ended December 31, 1999 and 1998 and have issued our report (report dated June 16, 2000). We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Hibernia CDC's financial statements are free of material misstatement, we performed 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. However, providing an opinion on compliance with these provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered Hibernia CDC's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

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

(CONTINUED)

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 employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors, management, regulatory agencies, federal funding agency and pass-through entity. However, this report is a matter of public record and distribution is not limited.

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

June 16, 2009

& Tervalon

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

Board of Directors
Hibernia Community Development Corporation, Inc.
New Orleans, Louisiana

Compliance

We have audited the compliance of Hibernia Community Development Corporation, Inc. (Hibernia CDC), (a non-profit corporation) with the types of compliance requirements described in *United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 1999 and 1998. Hibernia CDC's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Hibernia CDC's management. Our responsibility is to express an opinion on Hibernia CDC's compliance based on our audits.

We conducted our audits of compliance in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in *Comptroller Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Quality of Access, Local Governments, and Non-Profit Organizations*.

These standards and OMB Circular A-133 require that we plan and perform the audits 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 Hibernia CDC's compliance with these requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinion. Our audits do not provide a legal determination on Hibernia CDC's compliance with these requirements.

In our opinion, Hibernia CDC complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 1999 and 1998.

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

(CONTINUED)

Internal Control Over Compliance

The management of HHS/CDC is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audits, we considered HHS/CDC's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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 applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and can be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors, management, regulatory agencies, federal awarding agency and pass-through entity. However, this report is a matter of public record and its distribution is not limited.

Bruno & Tervalon

**BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS**

June 16, 2008

**HIBERNIA COMMUNITY DEVELOPMENT CORPORATION, INC.
SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE
YEARS ENDED DECEMBER 31, 1999 AND 1998**

SUMMARY OF AUDITORS' RESULTS

The following was prepared in accordance with the requirements of OMB Circular A-133 Section 501(d)(5):

- ✦ The report issued on the financial statements of Hibernia Community Development Corporation, Inc. (Hibernia CDC) for the years ended December 31, 1999 and 1998 was unqualified.
- ✦ The audits of the financial statements did not disclose reportable conditions in internal control.
- ✦ The audits of the financial statements did not disclose any noncompliance which is material to the financial statements of Hibernia CDC.
- ✦ The audits of the financial statements did not disclose any reportable conditions in internal control over major programs.
- ✦ The report issued on compliance for major programs for the years ended December 31, 1999 and 1998 was unqualified.
- ✦ The audits of the financial statements did not disclose any findings upon which the independent auditors are required to report under OMB Circular A-133, Section 510(j).
- ✦ The following program was audited as a major program:

CFDA Number	Name of Federal Program
14.218	Home Investment Partnership Program

- ✦ The dollar thresholds used to distinguish between Type A and Type B Programs, as described in OMB Circular A-133, Section 520(k) were as follows:

Program	Amount
Type A	\$300,000

- ✦ Hibernia CDC does qualify as a low-risk auditee for the years ended December 31, 1999 and 1998 under OMB Circular A-133, Section 530.