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OFFICIAL

PARK PLACE OF DEQUINCY, INC.

FINANCIAL STATEMENTS

Years Ended December 31, 2003 and 2002

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 5.12.04

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Stutzman & Gates, LLC
Certified Public Accountants

Member:
American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Park Place of DeQuincy, Inc.


We have audited the accompanying statements of financial position of Park Place of DeQuincy, Inc. (a nonprofit organization) as of December 31, 2003 and 2002, and the related statements of activities, budget (budgetary basis) and actual, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Park Place of DeQuincy, Inc. as of December 31, 2003 and 2002, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2004, on our consideration of Park Place of DeQuincy, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of Park Place of DeQuincy, Inc. taken as a whole. The accompanying information listed as supplemental information and schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the above financial statements. 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, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements of the Organization. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audits of the financial statements referred to above; and, in our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.


Stutzman & Gates, LLC
March 12, 2004

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FINANCIAL STATEMENTS

PARK PLACE OF DEQUINCY, INC.
 STATEMENTS OF FINANCIAL POSITION
 December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>		<u>2003</u>	<u>2002</u>
ASSETS					
CURRENT ASSETS:					
Cash	\$ 3,359	\$ 3,605	Accounts payable	\$ 1,091	\$ 765
Rental assistance receivable	2,238	2,737	Payroll taxes payable	580	479
Prepaid insurance	<u>2,004</u>	<u>1,754</u>	Interest payable	1,946	1,977
TOTAL CURRENT ASSETS	<u>7,601</u>	<u>8,096</u>	Security deposits payable	2,835	2,669
			Current portion of long-term debt	<u>4,410</u>	<u>4,031</u>
			TOTAL CURRENT LIABILITIES	<u>10,862</u>	<u>9,921</u>
RESTRICTED ASSETS:					
Cash	<u>77,494</u>	<u>77,083</u>	LONG-TERM DEBT, net of current portion		
				<u>1,044,752</u>	<u>1,049,163</u>
				<u>1,055,614</u>	<u>1,059,084</u>
PROPERTY AND EQUIPMENT:					
Land	65,000	65,000	NET ASSETS:		
Apartments	1,013,640	1,001,390	Unrestricted - operating	(390,635)	(372,829)
Furniture and fixtures	25,371	24,580	Temporarily restricted:		
Machinery and equipment	<u>6,281</u>	<u>6,281</u>	Insurance	1,573	1,368
	1,110,292	1,097,251	Debt service	<u>73,087</u>	<u>73,480</u>
Less accumulated depreciation	<u>480,626</u>	<u>447,555</u>	TOTAL NET ASSETS	<u>(315,975)</u>	<u>(297,981)</u>
	<u>629,666</u>	<u>649,696</u>			
OTHER ASSETS:					
Construction period interest, net	19,970	21,180	TOTAL LIABILITIES AND NET ASSETS		
Loan origination cost, net	<u>4,908</u>	<u>5,048</u>		<u>\$ 739,639</u>	<u>\$ 761,103</u>
	<u>24,878</u>	<u>26,228</u>			
TOTAL ASSETS	<u>\$ 739,639</u>	<u>\$ 761,103</u>			

The accompanying notes are an integral part of this statement.

PARK PLACE OF DEQUINCY, INC.
 STATEMENTS OF ACTIVITIES
 Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
UNRESTRICTED NET ASSETS		
Public Support, Revenues, and Reclassifications		
Rental income	\$ 50,618	\$ 46,123
Federal subsidy - rental income	59,022	62,477
Federal subsidy - interest income	71,232	71,220
Other	1,767	1,230
Interest	<u>132</u>	<u>122</u>
Total Unrestricted Public Support, Revenues, and Reclassifications	<u>182,771</u>	<u>181,172</u>
Expenses		
Administrative expenses	201,859	204,013
Transfer to restricted accounts	<u>10,967</u>	<u>14,062</u>
Total Expenses	<u>212,826</u>	<u>218,075</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>(30,055)</u>	<u>(36,903)</u>
TEMPORARILY RESTRICTED NET ASSETS		
Insurance	205	6
Debt service	<u>11,856</u>	<u>15,079</u>
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>12,061</u>	<u>15,085</u>
DECREASE IN NET ASSETS	(17,994)	(21,818)
NET ASSETS AS OF BEGINNING OF YEAR	<u>(297,981)</u>	<u>(276,163)</u>
NET ASSETS AS OF END OF YEAR	<u>\$ (315,975)</u>	<u>\$ (297,981)</u>

The accompanying notes are an integral part of this statement.

PARK PLACE OF DEQUINCY, INC.
 STATEMENTS OF ACTIVITIES
 BUDGET (BUDGETARY BASIS) AND ACTUAL
 Years Ended December 31, 2003 and 2002

	2003		Variance Favorable (Unfavorable)	2002 Actual
	Budget	Actual		
UNRESTRICTED NET ASSETS				
Public Support, Revenues, And Reclassifications				
Rental income	\$ 46,771	\$ 50,618	\$ 3,847	\$ 46,123
Federal subsidy - rental income	64,589	59,022	(5,567)	62,477
Federal subsidy - interest income	-	71,232	71,232	71,220
Other	(260)	1,767	2,027	1,230
Interest	130	132	2	122
Transfer from reserve account	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>	<u>-</u>
Total Unrestricted Public Support, Revenues, and Reclassifications	<u>141,230</u>	<u>182,771</u>	<u>41,541</u>	<u>181,172</u>
Expenses				
Administrative expenses	49,908	201,859	(151,951)	204,013
Transfer to restricted accounts	<u>10,767</u>	<u>10,967</u>	<u>(200)</u>	<u>14,062</u>
Total Expenses	<u>60,675</u>	<u>212,826</u>	<u>(152,151)</u>	<u>218,075</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>80,555</u>	<u>(30,055)</u>	<u>(110,610)</u>	<u>(36,903)</u>
TEMPORARILY RESTRICTED NET ASSETS				
Insurance	-	205	205	6
Debt service	<u>(30,000)</u>	<u>11,856</u>	<u>41,856</u>	<u>15,079</u>
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>(30,000)</u>	<u>12,061</u>	<u>42,061</u>	<u>15,085</u>
INCREASE (DECREASE) IN NET ASSETS	50,555	(17,994)	(68,549)	(21,818)
NET ASSETS AS OF BEGINNING OF YEAR	<u>(297,981)</u>	<u>(297,981)</u>	<u>-</u>	<u>(276,163)</u>
NET ASSETS AS OF END OF YEAR	<u>\$(247,426)</u>	<u>\$(315,975)</u>	<u>\$(68,549)</u>	<u>\$(297,981)</u>

The accompanying notes are an integral part of this statement.

PARK PLACE OF DEQUINCY, INC.
 STATEMENTS OF CASH FLOWS
 Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (17,994)	\$ (21,818)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation	34,670	34,895
Amortization	1,350	1,350
(Increase) decrease in operating assets:		
(Increase) decrease in rental receivable	499	(36)
(Increase) decrease in prepaid expenses	(250)	(276)
Increase (decrease) in operating liabilities:		
Increase (decrease) in accounts payable	326	(189)
Increase (decrease) in payroll taxes payable	101	118
Increase (decrease) in other payables	<u>135</u>	<u>17</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>18,837</u>	<u>14,061</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(14,641)</u>	<u>(1,170)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(14,641)</u>	<u>(1,170)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	<u>(4,031)</u>	<u>(3,685)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>(4,031)</u>	<u>(3,685)</u>
 NET INCREASE (DECREASE) IN CASH	 165	 9,206
 CASH AT BEGINNING OF YEAR	 <u>80,688</u>	 <u>71,482</u>
 CASH AT END OF YEAR	 <u>\$ 80,853</u>	 <u>\$ 80,688</u>

The accompanying notes are an integral part of this statement.

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Park Place of DeQuincy, Inc. was formed in 1987 to provide low income housing to the elderly, handicapped, and low-income individuals in DeQuincy, Louisiana. The apartment complex was built with a Department of Agriculture Rural Rental Housing Loan. Rental assistance is provided by the Farmers Home Administration based on tenants' ability to pay. In addition, the Farmers Home Administration provides an interest subsidy which aids in the loan payments. The more significant accounting policies applied in the preparation of the accompanying statements follows.

Basis of Accounting

The financial statements of Park Place of DeQuincy, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under (SFAS) No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

Park Place of DeQuincy, Inc. is a not-for-profit organization exempt from income tax under Section 501(c) (3) of the U.S. Internal Revenue Code.

Cash and Cash Equivalents

For purposes of the statement of cash flow, the Organization considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

PARK PLACE OF DEQUINCY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2003 and 2002

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

At December 31, 2003, the carrying amount of Park Place of DeQuincy, Inc.'s deposits was \$80,853 and the bank balance was \$81,805. At December 31, 2003, all deposits were covered by FDIC insurance

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of donation. Acquisitions of property and equipment in excess of \$50 are capitalized. Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Apartments	31.5 - 39
Furniture and fixtures	5
Machinery and equipment	5

Amortization

Costs associated with the Rural Development loan are being amortized over the life of the loan, fifty years, using the straight-line method. Amortization for each year was \$140. Accumulated amortization totaled \$2,102 and \$1,962 for 2003 and 2002, respectively.

Interest expense incurred during the construction period is being amortized over the life of the property, thirty-one and a half years, using the straight-line method. Amortization for each year was \$1,210. Accumulated amortization totaled \$18,150 and \$16,940 for 2003 and 2002, respectively.

Basis of Revenue Recognition

Revenue is recognized monthly for the applicable monthly rental income.

NOTE 2 - RESTRICTED ASSETS

As required in the loan agreement, Park Place of DeQuincy, Inc. contributes \$10,767 annually into a reserve account until \$107,670 is attained. With prior written consent, funds in the reserve account may be used as follows: (1) loan payments if amounts for debt service are not sufficient; (2) costs of repairs or replacements caused by catastrophe or long-range depreciation; (3) improvements to housing project without creating new living units; (4) for other purposes which in the judgement of the Government will promote the loan purpose; and (5) to pay a

PARK PLACE OF DEQUINCY, INC.
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2003 and 2002

NOTE 2 - RESTRICTED ASSETS

return on investment at the end of the operating year, provided that after such disbursement the amount in the reserve will not be less than the required amount. The balance in the reserve account at December 31, 2003 and 2002 was \$73,087 and \$73,480, respectively.

An insurance escrow account is maintained with monthly deposits equal to one-twelfth of the total anticipated insurance payments for the year. The balance in the insurance escrow account at December 31, 2003 and 2002 was \$1,572 and \$1,368, respectively.

A rental deposit account is maintained at a level equal to total security deposits on hand. The balance at December 31, 2003 and 2002 was \$2,835 and \$2,235, respectively.

Reconciliation of reserve account:

	<u>2003</u>	<u>2002</u>
Beginning balance at January 1	\$ 73,480	\$ 57,504
Additions	11,857	15,976
Paid out	<u>12,250</u>	<u>-</u>
Ending balance at December 31	73,087	73,480
Add:		
Insurance Escrow	1,572	1,368
Security Deposits	<u>2,835</u>	<u>2,235</u>
Total Restricted Cash	<u>\$ 77,494</u>	<u>\$ 77,083</u>

NOTE 3 - LONG-TERM DEBT

Long-term debt at December 31, 2003 and 2002 consisted of the following:

	<u>2003</u>	<u>2002</u>
Note payable to Rural Development in monthly installments of \$7,966 including interest at 9.0%, maturity March 1, 2039	\$ 1,016,435	\$ 1,020,356
Note payable to Rural Development in monthly installments of \$269 including interest at 9.5%, maturity March 1, 2039	<u>32,727</u>	<u>32,838</u>
	1,049,162	1,053,194
Less: current portion	<u>4,410</u>	<u>4,031</u>
	<u>\$ 1,044,752</u>	<u>\$ 1,049,163</u>

PARK PLACE OF DEQUINCY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2003 and 2002

NOTE 3 - LONG-TERM DEBT

Maturities of long-term debt, including interest, are as follows:

2004	\$ 98,819
2005	98,819
2006	98,819
2007	98,819
2008	98,819

NOTE 4 - NET ASSET DEFICIT

At December 31, 2003 and 2002, Park Place of DeQuincy, Inc. reports an unrestricted net asset fund deficit in the amounts of \$390,635 and \$372,829 respectively.

The deficit is a result of depreciation expense which is an unfunded expenditure under Farmers Home Administration's Rental Assistance Guidelines. Park Place of DeQuincy, Inc. intends to increase rental fees over future years to minimize annual operating deficits.

NOTE 5 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets consist of bank accounts restricted for insurance coverage, repayment of debt, and repairs and maintenance of the Organization's facilities.

NOTE 6 - NONCASH FINANCING ACTIVITIES

Interest expense of \$94,758 and \$95,094 on Rural Development loans was paid by the U.S. Department of Agriculture for the year ended December 31, 2003 and 2002, respectively.

NOTE 7 - CONCENTRATION

The Organization is dependent on the U. S. Department of Agriculture for subsidies to operate its facilities and pay its debt.

SUPPLEMENTAL INFORMATION AND SCHEDULES

PARK PLACE OF DEQUINCY, INC.
 SCHEDULES OF FUNCTIONAL EXPENSES
 Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Advertisements	\$ 80	\$ 84
Amortization	1,350	1,350
Bank charges	501	412
Contract labor	-	3,583
Depreciation	34,670	34,895
Dues and subscriptions	25	5
Insurance	12,190	13,331
Interest	94,758	95,094
Office supplies	1,513	3,644
Penalties	366	-
Pest control	2,126	1,526
Professional fees	4,452	4,240
Refunds	81	6
Repairs and maintenance	20,245	15,340
Salaries	21,312	22,400
Taxes - payroll	2,020	1,714
Telephone	2,337	2,339
Utilities	<u>3,833</u>	<u>4,050</u>
	<u>\$ 201,859</u>	<u>\$ 204,013</u>

PARK PLACE OF DEQUINCY, INC.
SCHEDULES OF FUNCTIONAL EXPENSES
BUDGET (BUDGETARY BASIS) AND ACTUAL
Years Ended December 31, 2003 and 2002

	<u>2003</u>		Variance Favorable (Unfavorable)	<u>2002</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Advertisements	\$ 84	\$ 80	\$ 4	\$ 84
Amortization	-	1,350	(1,350)	1,350
Bank charges	-	501	(501)	412
Contract labor	-	-	-	3,583
Depreciation	-	34,670	(34,670)	34,895
Dues and subscriptions	-	25	(25)	5
Insurance	9,655	12,190	(2,535)	13,331
Interest	-	94,758	(94,758)	95,094
Office supplies	95	1,513	(1,418)	3,644
Penalties	-	366	(366)	-
Pest control	-	2,126	(2,126)	1,526
Professional fees	3,000	4,452	(1,452)	4,240
Refunds	-	81	(81)	6
Repairs and maintenance	11,205	20,245	(9,040)	15,340
Salaries	21,312	21,312	-	22,400
Taxes - payroll	805	2,020	(1,215)	1,714
Telephone	1,200	2,337	(1,137)	2,339
Utilities	<u>2,552</u>	<u>3,833</u>	<u>(1,281)</u>	<u>4,050</u>
	<u>\$ 49,908</u>	<u>\$ 201,859</u>	<u>\$ (151,951)</u>	<u>\$ 204,013</u>

PARK PLACE OF DEQUINCY, INC.
 SCHEDULE OF INSURANCE IN FORCE (UNAUDITED)
 December 31, 2003

<u>Insurer</u>	<u>Kind of Insurance</u>	<u>Property Covered</u>	<u>Deductibles</u>	<u>Amount of Insurance</u>	<u>Expiration Date</u>
American Rural Housing Old Republic Surety Co.	Employee Dishonesty - Blanket	Property Manager President Vice President	\$ -	\$ 50,000	3/1/2004
American Rural Housing Travelers Insurance Company	Commercial Package - Property Liability	Building and contents	\$2,500 \$ -	\$ 1,119,170 \$ 2,000,000	3/1/2004
Louisiana Workman's Compensation Corporation	Workers Compensation	N/A	N/A	\$ 500,000	2/29/2004

PARK PLACE OF DEQUINCY, INC.
 SUPPLEMENTAL SCHEDULE
 BALANCE SHEET - SECTION 515 RURAL RENTAL HOUSING PROJECTS FORMAT

2003

2003

ASSETS

Current Assets	
Cash	\$ 3,359
Rental assistance receivable	2,238
Prepaid insurance	<u>2,004</u>
	<u>7,601</u>

Restricted Cash and Funded Reserves

Cash	<u>77,494</u>
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Property and Equipment

Land	65,000
Apartments	1,013,640
Furniture and fixtures	25,371
Machinery and equipment	<u>6,281</u>
	1,110,292
Less accumulated depreciation	<u>480,626</u>
	<u>629,666</u>

Other Assets

Construction period interest, net	19,970
Loan origination cost, net	<u>4,908</u>
	<u>24,878</u>

Total Assets \$ 739,639

LIABILITIES AND EQUITY

Current Liabilities	
Accounts payable	\$ 1,091
Payroll taxes payable	580
Interest payable	1,946
Current portion of long-term debt	<u>4,410</u>
	<u>8,027</u>

Deposits and Prepayment Liabilities

Security deposits payable	<u>2,835</u>
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Long-Term Liabilities

Long-term debt, net of current portion	<u>1,044,752</u>
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Equity

Restricted - insurance	1,573
Restricted - debt service	73,087
Unrestricted - undesignated	<u>(390,635)</u>
	<u>(315,975)</u>

Total Liabilities and Equity \$ 739,639

PARK PLACE OF DEQUINCY, INC.
 SUPPLEMENTAL SCHEDULE
 STATEMENT OF OPERATIONS - SECTION 515 RURAL
 RENTAL HOUSING PROJECTS FORMAT

	<u>2003</u>
Revenues	
Tenant rents	\$ 50,618
Rental assistance	59,022
Laundry	1,351
Late fees, miscellaneous, etc.	842
Interest reduction subsidy	<u>71,232</u>
Total Revenues	<u>183,065</u>
Expenses	
Administrative	35,858
Operating and maintenance	22,371
Utilities	3,833
Taxes and insurance	9,019
Interest	94,758
Depreciation	<u>36,020</u>
Total Expenses	<u>201,859</u>
Income (Loss) From Rental Operations	<u>(18,794)</u>
Other Income and Expenses	
Interest income	800
Entity expense	-
Tenants utility allowance expenses	<u>-</u>
	<u>800</u>
Net Income (Loss)	<u>\$ (17,994)</u>

PARK PLACE OF DEQUINCY, INC.
 SUPPLEMENTAL SCHEDULE
 DETAIL OF EXPENSES - SECTION 515 RURAL RENTAL HOUSING PROJECTS FORMAT

	<u>2003</u>
Maintenance and Operating	
Maintenance and repairs - payroll	\$ 5,088
Maintenance and repairs - supply	3,064
Maintenance and repairs - contract	12,093
Painting and decorating	-
Grounds	-
Services	2,126
Furniture and furnishing replacement	-
Other operating expenses	<u>-</u>
	<u>\$ 22,371</u>
Utilities	
Electricity	\$ 3,057
Water, sewer, trash removal	<u>776</u>
	<u>\$ 3,833</u>
Administrative	
Site management payroll	\$ 21,312
Project auditing expense	4,452
Legal expenses	-
Advertising	80
Telephone and answering service	2,337
Office supplies	360
Office furniture and equipment	-
Health insurance and other employee benefits	1,390
Payroll taxes	2,020
Workman's compensation	1,781
Other administrative expenses	<u>2,126</u>
	<u>\$ 35,858</u>
Taxes and Insurance	
Property and liability insurance	\$ 8,569
Fidelity coverage insurance	<u>450</u>
	<u>\$ 9,019</u>

PARK PLACE OF DEQUINCY, INC.
 SUPPLEMENTAL SCHEDULE
 SCHEDULE OF ACCOUNTS PAYABLE - AMOUNTS AND AGING
 Year Ended December 31, 2003

<u>Expense Category</u>	<u>1-30 Days</u>	<u>31-60 Days</u>	<u>61-90 Days</u>
Other administrative expenses	\$ 49	\$ -	\$ -
Maintenance and repairs supply	94		
Electricity	312	-	-
Water and sewer	65	-	-
Telephone	193	-	-
Maintenance and repairs services	300	-	-
Maintenance and repairs contract	78	-	-
	<u>\$ 1,091</u>	<u>\$ -</u>	<u>\$ -</u>

PARK PLACE OF DEQUINCY, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULE OF RESERVE FUNDING
Year Ended December 31, 2003

Annual funding required by Regulatory Agreement	\$ 10,767
Actual funding including interest income	\$ 11,857
Amount of withdrawals approved by RHS	\$ 12,250
Actual Amount of withdrawals:	
a) Capital items	\$ 12,250
b) O & M expenses	-
Reserve Balance at end of year	\$ 73,087
Fully funded balance per Regulatory Agreement	\$107,670

PARK PLACE OF DEQUINCY, INC.
 SUPPLEMENTAL SCHEDULE
 SCHEDULE OF RENTAL INFORMATION
 Year Ended December 31, 2003

<u>Size of Unit</u>	<u>Basic Note Rental Rate</u>	<u>Market Note Rate</u>	<u>Number of Units</u>	<u>Number Occupied at Year-End</u>
One Bedroom	260	417	20	19
Two Bedroom	340	550	12	12
Occupancy rate for year	98%			
Occupancy rate at year-end	97%			

PARK PLACE OF DEQUINCY, INC.
SUPPLEMENTAL SCHEDULE
BOARD OF DIRECTORS AND INCORPORATORS OF PARK PLACE OF DEQUINCY, INC.
Year Ended December 31, 2003

Mr. David Buxton, President
206 E. Fourth St.
DeQuincy, LA 70633

Mrs. Colleen Pinder, Vice President
1113 Glasspool Road
DeQuincy, LA 70633

Mrs. Carol Dowers, Treasurer
Post Office Box 55
DeQuincy, LA 70633

Rev. Jesse Adams, Director
1103 Richard Allen Road
DeQuincy, LA 70633

Mrs. Gwen Chapper, Director
Post Office Box 37
DeQuincy, LA 70633

Mrs. Sara Pat Shaheen, Director
1039 Temple Lane
DeQuincy, LA 70633

Mrs. Verline Williams, Director
814 Paul Robertson Road
DeQuincy, LA 70633

Mr. Loren Rollo, Director
507 Yoakum Ave.
DeQuincy, LA 70633

Mr. Preston Dougharty, Director
576 Holbrook Park Road
DeQuincy, LA 70633

Betty Jo Brown, Incorporator
Post Office Box 273
DeQuincy, LA 70633

Mr. Keith Browning, Director
Post Office Box 597
DeQuincy, LA 70633

Mrs. Janis Brown, Incorporator
483 Peach Street
DeQuincy, LA 70633

Carolyn DeLoach, Incorporator
Post Office Box 992
DeQuincy, LA 70633

Lorraine Clark, Incorporator
Post Office Box 1093
DeQuincy, LA 70633

PARK PLACE OF DEQUINCY, INC.
 SUPPLEMENTAL SCHEDULE
 SCHEDULE OF BANK ACCOUNTS
 Year Ended December 31, 2003

	<u>12/31/03</u> <u>Balance</u>	<u>FDIC</u> <u>Coverage</u>
Bank One P. O. Box 260161 Baton Rouge, LA 70826-0161:		
Insurance Escrow	\$ 1,572	\$ 1,572
Reserve	73,087	73,087
Maintenance and Operating	3,259	3,259
Security Deposit	<u>2,835</u>	<u>2,835</u>
	80,753	80,753
Petty Cash	<u>100</u>	<u>100</u>
	<u>\$ 80,853</u>	<u>\$ 80,853</u>

UNITED STATES OF AMERICA
State of Louisiana



Joy McKeithen

SECRETARY OF STATE

As Secretary of State, of the State of Louisiana, I do hereby Certify that

PARK PLACE OF DEQUINCY INCORPORATED

A LOUISIANA corporation domiciled at DE QUINCY,

Filed charter and qualified to do business in this State on
September 04, 1987,

I further certify that the records of this Office indicate
the corporation has paid all fees due the Secretary of
State, and so far as the Office of the Secretary of State is
concerned is in good standing and is authorized to do
business in this State as a Non-Profit Corporation.

*In testimony whereof, I have hereunto set
my hand and caused the Seal of my Office
to be affixed at the City of Baton Rouge on.*

March 27, 2003

Joy McKeithen

ABA 34246817N

Secretary of State



PARK PLACE OF DEQUINCY, INC.
SUPPLEMENTAL SCHEDULE
COMPENSATION OF DIRECTORS
Year Ended December 31, 2003

During the period covered by our audit, there were no payments made to or on behalf of directors.

PARK PLACE OF DEQUINCY, INC.
SUPPLEMENTAL SCHEDULE
SCHEDULE OF AGED ACCOUNTS RECEIVABLE
Year Ended December 31, 2003

No accounts receivable due from tenants at December 31, 2003.

Park Place of DeQuincy, Inc.
P.O. Box 1180
DeQuincy, La 70633

The Board of Park Place of DeQuincy, Inc. met at Fausto's for the annual meeting on Tuesday, January 28, 2003. A seafood dinner was served prior to the business meeting. The following members were present:

Mr. Keith Browning
Mr. David Buxton
Mrs. Colleen Pinder
Rev. Jessie Adams
Mrs. Carol Dowers
Mrs. Verline Williams
Mrs. Gwen Chapper
Rev. Harlan Morgan
Mrs. Lorraine Clark
Mrs. Sara Pat Shaheen
Mrs. Carolyn DeLoach
Mrs. Janice Brown
Mr. Loren Rollo

The meeting was called to order by Mr. Keith Browning, President, at 6:30 p.m. The invocation was given by Rev. Harlan Morgan.

Mr. Keith Browning read the minutes from the October meeting. A motion to accept the minutes as written was made by Mrs. Colleen Pinder and seconded by Mr. David Buxton. Motion carried.

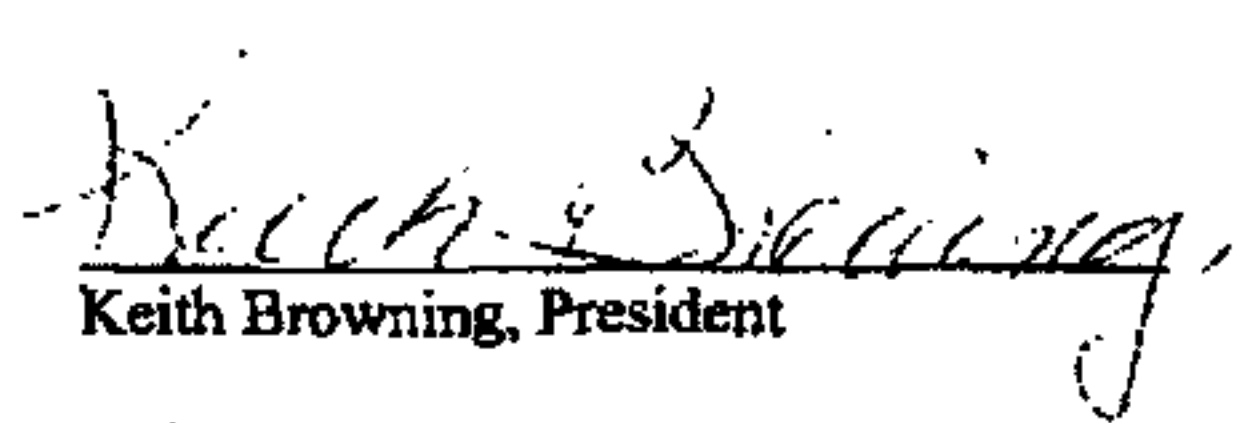
Copies of the new approved Proposed Budget were passed around for each member to review along with our Affirmative Fair Housing Marketing Plan which has also been approved. At this time, Mr. Keith Browning reviewed the funds that would be needed to start the construction and repair of the old sidewalks. Mr. Browning passed out copies of the Reserve Account for review of the closing balance for the year 2002. This brought a conclusion for the business of 2002.

A motion was made by Mrs. Sara Pat Shaheen to accept the old business and seconded by Mrs. Colleen Pinder. Motion carried.

At this time, Mr. Keith Browning introduced the new business. The first topic for discussion was the need to add and revise some of our old rules and regulations for tenants residing at Park Place. After much discussion Mrs. Colleen Pinder made a motion which was seconded by Mrs. Carol Dowers, that each board member take a copy of the rules and regulations home to study before any revisions were made. Motion carried.

A motion was made by Mr. Keith Browning to look over and update the bi-laws for Park Place. Mr. Browning suggested the Board of Directors consider an election for new officers to be held at the next meeting. This concluded the new business.

Mrs. Colleen Pinder made a motion to adjourn the meeting seconded by Rev. Harlan Morgan. Motion carried.


Keith Browning, President


Martha Kellogg, Manager

PARK PLACE OF DEQUINCY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2003

<u>Federal Grantor/ Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>		
Rental Income Subsidy	10.415	\$ 59,022
Interest Subsidy	10.415	71,232
Rural Rental Housing Loans (Note B)	10.415	<u>1,049,162</u>
Total Expenditures of Federal Awards		<u>\$ 1,179,416</u>

NOTE A: The accompanying schedule of expenditures of federal awards is a summary of the activity of Park Place of DeQuincy, Inc.'s federal award programs presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

NOTE B: Outstanding loan balances at December 31, 2003.

PARK PLACE OF DEQUINCY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2003

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- * Material weakness(es) identified? Yes No
- * Reportable condition(s) identified that are not considered to be material weaknesses(es)? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- * Material weakness(es) identified Yes No
- * Reportable condition(s) identified that are not considered to be material weakness(es)? Yes None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.415	Department of Agriculture Rural Rental Housing Loans

Dollar threshold used to distinguish between type A and B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

PARK PLACE OF DEQUINCY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2003

Section II - Financial Statement Findings

2003-1 I/C - (Material weakness)

Segregation of duties: Because of the lack of a large staff, more specifically accounting personnel, there is a problem with segregation of duties necessary for proper controls. We do note that this situation is inherent to most agencies of this type and is difficult to solve due to the funding limitations of Park Place of DeQuincy, Inc. We recommend that the President and other directors take an active interest in the review of all of the financial information. This was also a prior year finding.

Section III - Federal Award Findings and Questioned Costs

None

**PARK PLACE OF DEQUINCY, INC.
MANAGEMENT'S CORRECTIVE ACTION PLAN (Unaudited)
For the Year Ended December 31, 2003**

2003-1 I/C - Segregation of Duties:

Contact Person - David Buxton, President

Corrective action - The President of the board of directors will continue to take an active role in the day to day operations of Park Place of DeQuincy, Inc. This corrective action plan is in effect as of March 12, 2004.

PARK PLACE OF DEQUINCY, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2003

2002-1 I/C - (Ongoing finding) Segregation of duties:

Corrective action taken - Due to lack of sufficient financial resources, this finding cannot be resolved. See 2003-1 I/C.

SINGLE AUDIT REQUIRED REPORTS

REPORT ON COMPLIANCE AND ON 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
Park Place of DeQuincy, Inc.

We have audited the financial statements of Park Place of DeQuincy, Inc., (a nonprofit organization), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated March 12, 2004. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 Park Place of DeQuincy, Inc.'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 those provisions was not an objective of our audit, 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 Park Place of DeQuincy, Inc.'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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Park Place of DeQuincy, Inc.'s ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 2003-1 I/C.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that

Board of Directors

March 12, 2004

Page 2

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, we consider item 2003-1 I/C to be a material weakness.

This report is intended solely for the information and use of management, others within the organization, federal awarding agencies and pass-through entities, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Stutzman & Gates, LLC

March 12, 2004

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

To the Board of Directors of
Park Place of DeQuincy, Inc.

Compliance

We have audited the compliance of Park Place of DeQuincy, Inc., (a nonprofit organization), 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 year ended December 31, 2003. Park Place of DeQuincy, Inc.'s 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 of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Park Place of DeQuincy, Inc.'s management. Our responsibility is to express an opinion on Park Place of DeQuincy, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government 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 we 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 Park Place of DeQuincy, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Park Place of DeQuincy, Inc.'s compliance with those requirements.

In our opinion, Park Place of DeQuincy, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003.

Internal Control Over Compliance

The management of Park Place of DeQuincy, Inc. 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 performing our audit, we considered Park Place of DeQuincy, Inc.'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 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 compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, federal awarding agencies and pass-through entities, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Stutzman & Gates, LLC
March 12, 2004