

GORDON PLAZA APARTMENTS
 [A Development of Desire Community Housing Corporation,
 (a nonprofit organization)]
 Project No. 064 35178 NP L8

STATEMENT OF REVENUE, EXPENSES AND
 CHANGES IN FUND BALANCE
 For the Year Ended December 31, 1995

REVENUE

Rental Income - Apartments	\$202,640	
Rental Income - Stores and Commercial	37,135	
Tenant Assistant Payment	437,916	

Total Rental Income		\$677,691

FINANCIAL REVENUE

Investment Income - Reserve for Replacement	2,436	
Interest Income	467	

Total Financial Revenue		2,903

Other Revenue - Laundry		5,290
Vacancies		(76,263)

Total Revenue		609,621

OPERATING EXPENSES

Administrative Expense	165,677	
Taxes and Insurance	51,831	
Operating and Maintenance	78,741	
Utilities	73,046	

Total Operating Expenses		369,295
Income (Loss) From Operations		240,326

FINANCIAL EXPENSES

Interest Expense	189,864	
Mortgage Insurance Premium	12,628	

Total Financial Expenses		202,492

Net Income (Loss) before depreciation		37,834
Depreciation Expense		101,411

Net Loss		(63,577)
Fund Balance at beginning of year		447,468
Fund Balance - Commercial		832
Fund Balance - Laundry		663

Fund Balance at end of year		\$385,386
		=====

The accompanying notes are an integral part of these
 financial statements.

GORDON PLAZA APARTMENTS
[A Development of Desire Community Housing Corporation,
(a nonprofit organization)]
Project No. 064 35178 NP L8

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GORDON PLAZA APARTMENTS
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NOTES TO THE FINANCIAL STATEMENTS
 December 31, 1995

NOTE 5 - COMPARISON OF BUDGET WITH ACTUAL SUPPORT REVENUE AND EXPENDITURES

	1995 <u>Actual</u>	1995 <u>Budget</u>	Over (Under) <u>Budget</u>
Support & Revenue	\$609,621	\$610,000	\$(379)
Operating Expenses			
Administrative Expenses	163,627	164,440	(813)
Depreciation Expenses	101,411	101,411	
Taxes & Insurance	51,831	52,000	(169)
Operating & Maintenance Exp	78,742	74,600	4,142
Utilities	75,095	75,000	95
Total Operating Expenses	<u>470,706</u>	<u>467,451</u>	<u>3,255</u>
Income (Loss) from Operations	138,915	142,549	(3,634)
Financial Expenses			
Interest Expense	(189,864)	(189,865)	1
Mortgage Insurance Premium	(12,628)	(12,625)	(3)
Total Financial Expenses	<u>(202,492)</u>	<u>(202,490)</u>	<u>(2)</u>
Net Income (Loss)	<u>\$(63,577)</u>	<u>\$(59,941)</u>	<u>\$(3,636)</u>

DESIRE COMMUNITY HOUSING CORPORATION

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COMPREHENSIVE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1995

CHARLES F. WEBB
CERTIFIED PUBLIC ACCOUNTANT
616 BARONNE STREET - STE. 203
NEW ORLEANS, LA 70113
(504) 529-2220

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, when appropriate, at the office of the parish clerk of court.

Release Date APR 09 1997

2. Management Fee

Condition

The HUD requirement of allocation for the management fee was 7% of HUD Assistance payments to Gordon Plaza Apartment. A general ledger of the expenditures for this fee was not maintained.

Criteria

The HUD management agreement stipulates that 7% should be paid to the rental agency account and treated as project expense and expended for allowable management expenses.

Effect of Condition

Management fee may have been expended for non allowable items.

I considered these material instances of noncompliance in forming our opinion on whether Desire Community Housing Corporation's 1995 financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated December 30, 1996 on those financial statements.

Except as described above, the results of our tests of compliance indicate that with respect to the items tested, complied, in all material respects, with the provisions referred to in the third paragraph of this report; and, with respect to items not tested, nothing came to my attention that caused me to believe that Desire Community Housing Corporation had not complied, in all material respects, with those provisions.

This report is intended for the information of management, board of directors, the Legislative Auditor of the State of Louisiana, the City of New Orleans, and the U.S. Department of Housing and Urban Development. However, this report is a matter of public record, and its distribution is not limited.



Charles F. Webb
Certified Public Accountant

December 30, 1996

CHARLES F. WEBB

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE GENERAL
REQUIREMENTS APPLICABLE TO FEDERAL AWARDS PROGRAMS

Board of Directors
Desire Community Housing Corporation

I was engaged to audit the financial statements of Desire Community Housing Corporation (a non-profit organization) as of and for the year ended December 31, 1995, and have issued my report thereon dated December 30, 1996.

I have applied procedures to test Desire Community Housing Corporation's compliance with the following requirements applicable to its federal programs, which are identified in the accompanying schedule of federal awards, for the year ended December 31, 1995:

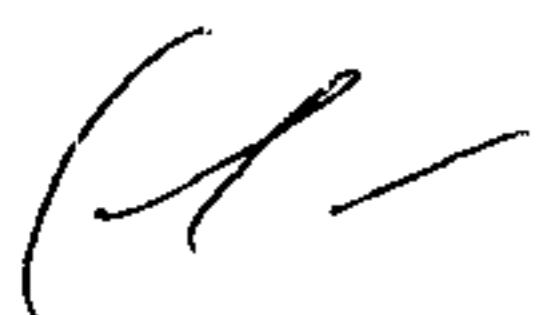
GENERAL REQUIREMENTS

- * Political activity
- * Civil rights
- * Cash management
- * Drug-free workplace
- * Federal financial reports
- * Allowable costs/cost principles
- * Administrative requirements

My procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Audits of Institutions of Higher Learning and Other Non-Profit Institutions". My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Desire Community Housing Corporation's compliance with the requirements listed in the preceding paragraph. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of my procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of the report. With respect to items not tested, nothing came to my attention that caused me to believe that Desire Community Housing Corporation's has not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying schedule of findings and questioned costs.

This report is intended for the information of management, board of directors, the Legislative Auditor of the State of Louisiana, the City of New Orleans, and the U.S. Department of Housing and Urban Development. However, this report is a matter of public record, and its distribution is not limited.



Charles F. Webb
Certified Public Accountant

December 30, 1996

CHARLES F. WEBB

CERTIFIED PUBLIC ACCOUNTANT

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS
APPLICABLE TO MAJOR PROGRAMS**

Board of Directors/Desire Community Housing Corporation


I have audited the financial statements of Desire Community Housing Corporation (a non-profit organization) as of and for the year ended December 31, 1995, and have issued my report thereon dated December 30, 1996.

I have also audited Desire Community Housing Corporation's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance, for the year ended December 31, 1995. The management of Desire Community Housing Corporation is responsible for the Desire Community Housing Corporation compliance with those requirements. My responsibility is to express an opinion on compliance with those requirements based on my audit.

I conducted my audit of compliance with those requirements in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations". Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about Desire Community Housing Corporation's compliance with those requirements. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, Desire Community Housing Corporation, complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs, for the year ended December 31, 1995.

This report is intended for the information of management, board of directors, the Legislative Auditor of the State of Louisiana, the City of New Orleans, and the U.S. Department of Housing and Urban Development. However, this report is a matter of public record, and its distribution is not limited.


Charles F. Webb
Certified Public Accountant

December 30, 1996

CHARLES F. WEBB

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS
APPLICABLE TO NONMAJOR PROGRAMS TRANSACTIONS

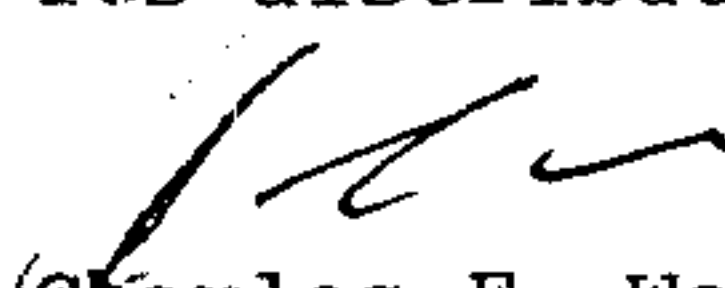
Board of Directors
Desire Community Housing Corporation

I was engaged to audit the financial statements of Desire Community Housing Corporation (a non-profit organization) as of and for the year ended December 31, 1995, and have issued my report thereon dated December 30, 1996.

In connection with my audit of the financial statements of Desire Community Housing Corporation and with my consideration of the Organization's internal control structure used to administer federal programs, as required by Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions," I selected certain transactions applicable to those transactions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Desire Community Housing Corporation's compliance with these requirements. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of my procedures disclosed no material instance of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused us to believe that Desire Community Housing Corporation has not complied, in all material respects, with those requirements. However, the results of my procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying schedule of findings and recommendations.

This report is intended for the information of management, board of directors, the Legislative Auditor of the State of Louisiana, the City of New Orleans, and the U.S. Department of Housing and Urban Development. However, this report is a matter of public record, and its distribution is not limited.


Charles F. Webb
Certified Public Accountant

December 30, 1996

DESIRE COMMUNITY HOUSING CORPORATION
SCHEDULE OF FINDINGS AND RECOMMENDATION
FOR THE YEAR ENDED DECEMBER 31, 1995

General Requirement

1. **Tax Liens and Levies**

State of Condition:

A state levy of \$35,950 was assess against Admin. State Housing Counseling program account.

Criteria:

Tax liabilities should be paid by the individual programs that incurred the liability.

Cause of Condition:

Assessment of penalties and interest was due because of delinquent taxes.

Effect of Condition:

Unallowable cost depleted the program funds intended for program services.

Recommendation:

I recommend that Admin State Housing Counseling program is reimbursed by the individual programs which incurred the tax liability.

Specific Requirements

1. **Timely Submission of Audit**

State of Condition

Audit report for Desire Community Housing Corporation for the period ending December 31, 1995, not submitted within the approved engagement agreement.

Criteria

Based on the approved engagement agreement, nine copies of the audit report should have been submitted to the Legislative Auditor by June 30, 1996.

Causes of Condition

The agency records were damaged by flood waters had to be reconstructed which caused a delay in the completion of the audit.

CHARLES F. WEBB

CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Desire Community Housing Corporation

I have audited the accompanying balance sheet of Desire Community Housing Corporation (a non-profit corporation) as of December 31, 1995, and the related statement of revenue, expenses and changes in fund balance and cash flows for the year then ended. These financial statements are the responsibility of Desire Community Housing Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statement present fairly, in all material respects, the financial position of Desire Community Housing Corporation as of December 31, 1995, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note M to the financial statements, the organization expended funds for the payment of unemployment taxes with current period funds and management plan to repay these funds with non-public monies. The possible outcome of this matter which have been reported to appropriate funding sources is uncertain at this time. Accordingly, to provision for liability has been made in the financial statements for possible claims for repayment of those grant monies.

In accordance with Government Audit Standards, I have also issued a report dated December 30, 1996 on my consideration of Desire Community Housing Corporation's internal control structure and a reported dated December 30, 1996 on its compliance with laws and regulations.

Receipt Acknowledged
Legislative Auditor

By: _____

APPENDIX A

**GORDON PLAZA APARTMENTS AUDIT
FOR YEAR ENDED DECEMBER 31, 1995**

My audit was made for the purpose of forming an opinion on the basic financial statement of Desire Community Housing Corporation taken as a whole. The accompanying schedule of federal awards for the year ended December 31, 1995, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subject to the procedures applied in the audit of the basic financial statements and in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Charles F. Webb
Certified Public Accountant

December 30, 1996

CHARLES F. WEBB

CERTIFIED PUBLIC ACCOUNTANT

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

To the Board of Directors of
Desire Community Housing Corporation
New Orleans, Louisiana

I have audited the accompanying balance sheet of Gordon Plaza Apartments [a development of Desire Community Housing Corporation (a non-profit organization)], Project No. 064 35178 NP L8 as of December 31, 1995, and the related statements of revenues and expenses and cash flows for the year then ended. These financial statements are the responsibility of the Desire Community Housing Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, Governmental Auditing Standards, issued by the Comptroller General of the United States and the Consolidated Audit Guide for Audits of HUD Programs, issue by the Department of Housing and Urban Development, Office of Inspector General. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Gordon Plaza Apartments [a development of Desire Community Housing Corporation, (a nonprofit organization)] Project No. 064 35178 NP L8 as of December 31, 1995, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated October 26, 1996 on my consideration of Gordon Plaza Apartment's internal control structure and a report dated October 26, 1996 on its compliance with laws and regulations.

My audit was made for the purpose of forming an opinion on the basic financial statements Gordon Plaza Apartments [a development of Desire Community Housing Corporation, (a nonprofit organization)], Project No. 064 35178 NP L8 taken as a whole.

The accompanying schedule of federal awards for the year ended December 31, 1995 and information on pages 13 to 22 is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the procedures applied in the audit of the basic financial statements and in my opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Charles F. Webb
Certified Public Accountant

October 26, 1996

GORDON PLAZA APARTMENTS
 [A Development of Desire Community Housing Corporation,
 (a nonprofit organization)]
 Project No. 064 35178 NP L8

BALANCE SHEET
 December 31, 1995

ASSETS

Current Assets

Cash	\$ 4,245
Accounts Receivable - Others	53,314
Due From Other Programs	3,240
Other Receivables - Employee	1,600

Total Current Assets	62,399

Restricted Assets

Tenant Security Deposits	18,905
Commercial Security Deposits	3,944
Reserve for Replacement	126,439
Escrow - Taxes and Insurance	45,343

Total Restricted Assets	194,631

Fixed Assets

Land	550,000
Buildings	3,431,316
Machinery and Equipment	140,035
Furniture and Fixtures	53,368
Less Accumulated Depreciation	(1,489,165)

Total Fixed Assets	2,685,554

Other Assets

Refundable Utility Deposits	3,891

Total Other Assets	3,891

Total Assets	\$2,946,475
	=====

The accompanying notes are an integral part of these
 financial statements.

GORDON PLAZA APARTMENTS
[A Development of Desire Community Housing Corporation,
(a nonprofit organization)]
Project No. 064 35178 NP L8

BALANCE SHEET
December 31, 1995

LIABILITIES AND FUND BALANCE

Current Liabilities

Accounts Payable - Trade	\$ 9,105
Current Portion of Mortgage Payable	38,895
Withheld and Accrued Payroll Taxes	3,341
Tenant Security Deposits	6,540
Commercial Security Deposits	4,382
Accrued Expenses	23,063

Total Current Liabilities	85,326

Long-Term Liabilities

Mortgage Loan Payable, Less current Portion	2,475,763

Total Long Term Liabilities	2,475,763

Total Current & Long Term Liabilities	2,561,089

Fund Balance

Fund Balance	385,386

Total Fund Balance	385,386

Total Liabilities, Fund Balance & Stockholder's Equity	\$2,946,475
	=====

The accompanying notes are an integral part of these
financial statements.

GORDON PLAZA APARTMENTS
 [A Development of Desire Community Housing Corporation,
 (a nonprofit organization)]
 Project No. 064 35178 NP L8

STATEMENT OF CASH FLOWS
 For the Year Ended December 31, 1995
 Increase(Decrease) in Cash and Cash Equivalents

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income(Loss)		\$(63,577)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation expense	\$101,344	
Change in amount due from agency	(3,240)	
Change in escrow amount	(1,394)	
Change in security deposits	33	
Change in other receivables	(579)	
Change in accounts payable	22,553	
Change in other current liabilities	4,535	
Change in security deposit payable	(1,739)	

Total Adjustments		121,513

NET CASH PROVIDED BY OPERATING ACTIVITIES		57,936

CASH FLOWS FROM INVESTING ACTIVITIES:

Investment in equipment	(14,758)	
Changes in reserve for replacements	(466)	

NET CASH PROVIDED USED IN INVESTING ACTIVITIES		(15,224)

CASH FLOWS FROM FINANCING ACTIVITIES:

Repayment of long term debt	(31,894)	

NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES		(31,894)

Net increase (decrease) in cash		10,816
Cash - beginning of period		(6,573)

Cash - end of period		\$ 4,245
		=====

The accompanying notes are an integral part of these
 financial statements

GORDON PLAZA APARTMENTS
[A Development of Desire Community Housing Corporation,
(a nonprofit organization)]
Project No. 064 35178 NP L8

NOTES TO THE FINANCIAL STATEMENTS
December 31, 1995

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)

Expendable Restricted Resources

Operating funds restricted by the regulatory agreement for particular operating purposes or for replacements or betterments of the complex or for other purposes are deemed to be earned and reported as revenues and support of the operating fund when the project has complied with the tenant certification procedures established by HUD and rents and rental assistance payments are calculated for the month. Accrual basis income is the 100% occupancy amount less the vacancy amount.

Generally, the project incurs expenses and payables that are set up in the Shared Accounting System. Invoices are paid from Developer's central checking account. Simultaneously, a check is prepared from the project's checking account to reimburse the developer for the exact amount of the invoices paid.

Property and Equipment

Property and equipment are recorded at cost. During the period of construction of the buildings ended December 5, 1979, all carrying costs were capitalized as part of the cost of the buildings. Depreciation of buildings is provided on the straight-line method over 40 years. Depreciation of Furniture is provided on the straight-line method over 10 years. Depreciation of all other depreciable property is provided on the straight-line method over 5 years.

Income Taxes

The project is a development of a nonprofit organization. This organization is operating under section 501(c)(3) of the Internal Revenue Code, and is generally exempt from federal, state and local income taxes. Accordingly, no provision for income taxes is included in the financial statements. This nonprofit organization has been classified as an organization that is not a private foundation (Sec 509A).

GORDON PLAZA APARTMENTS
 [A Development of Desire Community Housing Corporation,
 (a nonprofit organization)]
 Project No. 064 35178 NP L8

NOTES TO THE FINANCIAL STATEMENTS
 December 31, 1995

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
 POLICIES (continued)

Leases

Apartments are generally leased for a period of one year. The U.S. Department of Housing and Urban Development (HUD) has entered into a 20 year contract with the development under Section 8 whereby they pay a portion of each qualified tenant's rent (Tenant Assistance Payments). In connection with this contract rent increases are subject to certain limitations and approval by HUD.

NOTE 2 - MORTGAGE NOTE PAYABLE

The mortgage note, payable to GMAC Mortgage Corporation, bears interest at 7 1/2% per annum, is secured by land and buildings, and is payable in monthly installments with the last installment due on October 1, 2020. The mortgage note is insured by the U.S. Department of Housing and Urban Development.

The monthly payment as of December 31, 1995 is \$25,473 and is summarized below:

Principal and interest	\$ 18,605
Escrow insurance	4,985
Reserve for replacement (Note 1)	1,883

	\$ 25,473
	=====

The following is a summary of maturities due on the mortgage loan payable as of December 31, 1995:

The mortgage notes payable are secured by land and building costing \$4,004,816. The interest expense for the year ending December 31, 1995 total \$189,864.

Year ending December 31,	
1996	\$ 36,093
1997	38,895
1998	41,915
1999	45,168
2000	48,684
2001	52,156
Later years	2,251,747

	\$2,514,658
	=====

GORDON PLAZA APARTMENTS
[A Development of Desire Community Housing Corporation,
(a nonprofit organization)]
Project No. 064 35178 NP 1.8

NOTES TO THE FINANCIAL STATEMENTS
December 31, 1995

NOTE 3 - CONTINGENCIES

Going Concern Considerations

The project receives a substantial amount of its total support and revenue from the federal government. A significant reduction in the level of this support, if this were to occur, may have an effect on the project's ability to continue as a going concern. Management is considering various financing alternatives to improve the operation of the project, including the reduction of costs by refinancing the present mortgage loan and syndicating a substantial portion of the project to outside investors interested in low income housing tax credits.

Federal Tax Filing

Internal Revenue Service letter dated May 19, 1970 determined that Desire Community Housing Corporation (DCHC), the developer of Gordon Plaza Apartments, is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. The letter states that DCHC is required to file information return 990. Management personnel from DCHC have not provided information to support its claim that all required information returns have been filed.

Although Section 6652(d) of the Internal Revenue Code outlines the monetary penalties for late filing of form 990, the exemption letter is silent with respect to the loss of exemption status when a company fails to comply with all conditions of the exemption. As a result, it is not possible to estimate the effect of non compliance on the Financial Status of Gordon Plaza Apartments.

Slow Note on Gordon Plaza Project

In the closing of the loan on Gordon Plaza, DCHC signed a "Slow Note" with the City of New Orleans which was designed to avoid a windfall for DCHC arising out of grants made by the City to DCHC in connection with the Gordon Plaza Project. According to the attorney for Desire, "the details of this note are not readily available because a copy of the note has not been located, but it is believe that the only liability that DCHC would have would arise if DCHC sold the development for a profit".

GORDON PLAZA APARTMENTS
[A Development of Desire Community Housing Corporation,
(a nonprofit organization)]
Project No. 064 35178 NP L8

NOTES TO THE FINANCIAL STATEMENTS
December 31, 1995

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES

Organization

GORDON PLAZA APARTMENTS is a development of Desire Community Housing Corporation (a nonprofit community development corporation). The development consists of a 128 unit apartment complex, and five adjoining commercial rental units. Construction was begun September 5, 1978 and completed December 5, 1979. The apartments are rented primarily to qualified elderly individuals.

Principles of Accounting

The financial statements of Gordon Plaza Apartments (Project) have been prepared on the accrual basis in conformity with generally accepted accounting principles.

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the project, the accounts of the project are maintained in accordance with the principles of fund accounting. That is the procedure by which resources for various purposes are classified for accounting and reporting purposes in accordance with activities and objectives as specified in the regulatory agreement.

Among the restrictions included in the regulatory agreement are the following which require

1. owners to establish and continue to maintain a reserve fund for replacements by allocation to such reserve fund in a separate account with the mortgagee. Payments are specified in the regulatory agreement and are changed from time to time by the Federal Housing Commissioner.
2. owners to establish and maintain, in addition to the reserve for replacements, a residual receipts fund by depositing thereto, with the mortgagee, the residual receipts within 60 days after the end of the semiannual or annual fiscal period within such receipts are realized. The residual receipts fund shall be under the control of the Federal Housing Commissioner.

Effect of Condition

Since the audit was not issued after the six month statutory date the agency could possibly lose some funding.

Recommendations

Immediate action should be taken to provide timely submission of the annual audit.

2. Late Filing of Cost Report

State of Condition

The agency incurred penalties for late filing of cost reports to the City of New Orleans and failed to file a report for one month's food reimbursement with the State.

Criteria

The agency agrees to provide the Office of Housing and Urban Affairs, two copies of the monthly cost report by the fifth (5th) working day of each month and is should file monthly claims for reimbursements with the State Department of Education Child and Adult Care Food Program.

Effect of condition

Late and non filing of monthly financial reports reduces the reimburseable expenditures which results in cash shortage.

Recommendation

Monthly cost reports should be submitted on a timely basis.

DESIRE COMMUNITY HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1995

NOTE M - CONTINGENCY

The agency paid \$22,000 to the State of Louisiana, Office of Employment Security out of one of its program accounts for prior period taxes. The state levied a program account in the amount of \$35,949, in 1995, and \$25,600 was paid to the State of Louisiana in 1995. The agency repaid the program account \$40,000 in 1995 with non-public funds and plan to repay the balance due to the program with non-public funds.

The agency replaced its management in 1995. New management has pledged to correct the deficiencies the organization experienced in the past. The company has hired an accountant and installed a new accounting system to assist in correcting some of the deficiencies.

CHARLES F. WEBB

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND GRANTS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS WHEN MATERIAL INSTANCE OF NONCOMPLIANCE EXIST

Board of Directors
Desire Community Housing Corporation

I was engaged to audit the financial statements of Desire Community Housing Corporation (a non-profit organization) as of and for the year ended December 31, 1995, and have issued my report thereon dated December 30, 1996.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Desire Community Housing Corporation is the responsibility of Desire Community Housing Corporation's management. I performed test of Desire Community Housing Corporation's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the financial statement was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

Material instances of noncompliance are failures to follow requirements, or violations of prohibitions, contained in laws, regulations, contract, or grants that cause me to conclude that the aggregation of this misstatements resulting from those failures or violations is material to the financial statements. The results of my tests of compliance disclosed the following material instances of noncompliance.

1) PAYROLL TAX RETURNS

Condition

State Unemployment Tax Returns filed in 1995 were filed and paid late.

Criteria

State Law requires timely filing and payment of State Unemployment Tax Returns.

Effect of Condition

Assessment of penalties and interest due to late filing and payment of returns.

I recommend that proper controls be established over interfund receivables and payables to include monthly reconciliation. Interfund receivables and payables should be carried in separate receivable and payable accounts and not combined in accounts carrying non-interfund activity.

This report is intended for the information of management, board of directors, the Legislative Auditor of the State of Louisiana, the City of New Orleans, and the U.S. Department of Housing and Urban Development. However, this report is a matter of public record, and its distribution is not limited.



Charles F. Webb
Certified Public Accountant

December 30, 1996

REPORTABLE CONDITIONS

1. Budget

The agency did not maintain budgets for active programs.

I recommend the organization set up budgetary controls on all active programs and monitor these budgets on a monthly basis.

2. Tax Liens

The corporation has several tax liens pending the payment of federal and state employment taxes. Management has established installment agreements with both federal and state taxing authority. The corporation has limited non public funds and lack adequate control over the interfund receivables and payable, making difficult to determine which programs owe the tax liability. The corporation is attempting to have the penalties and interest abated.

I recommend management resolve this matter as expeditiously as possible and begin immediately attempting to determine the which programs may owe the agency for the unpaid taxes.

The state unemployment tax returns were filed and paid late. A delinquent tax notice was issued on 3/3/95 for taxes, interest and penalties for the 1st quarter of 1990 through the 4th quarter of 1994. The IRS is attempting to collect taxes for various quarters between 1993 to 1995.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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.

My consideration of the internal control structure 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 as defined above. However, I noted the following reportable conditions that I believe to be material weaknesses.

MATERIAL WEAKNESSES

1. Interfund Receivables/Payables

My review of interfund balances revealed that interfund receivables and payables between programs are not reconciled on a regular basis. Interfund payables were carried in the vendor payable account of a program. Interfund receivables were not identified in specific accounts in the program general ledgers.

For the purpose of this report, I have classified the significant internal control policies and procedures used in administering federal program in the following categories:

- * Cash
- * Investments
- * Support, receivables and receipts
- * Expenses for program, supporting services and accounts payable
- * Payroll and related liabilities
- * Property and equipment
- * Debt and other liabilities
- * Fund balances
- * Governmental financial assistance programs

GENERAL REQUIREMENTS

- * Political activity
- * Civil rights
- * Cash management
- * Drug-free workplace
- * Federal financial reports
- * Allowable costs/cost principles
- * Administrative requirements

SPECIFIC REQUIREMENTS

- * Types of service allowed or not allowed
- * Financial reports and claims for reimbursements
- * Cost allocation

For all the internal control structure categories listed above, I obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operations, and I assessed control risk.

During the year ended December 31, 1995, Desire Community Housing Corporation expended 100% of its total federal awards under major federal programs and the following non-major program: Child Food Programs, Project Independence.

I performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I considered relevant to preventing or detecting material non-compliance with specific requirements, general requirements, and requirements governing claims for reimbursements that are applicable to each of the Organizations' major program, which are identified in the accompanying schedule of federal awards. My procedures were less in scope that would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgement, could adversely affect the Organization's ability to administer federal awards programs in accordance with applicable laws and regulations.

CHARLES F. WEBB

CERTIFIED PUBLIC ACCOUNTANT

SINGLE AUDIT REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN
ADMINISTERING FEDERAL AWARDS

Board of Directors
Desire Community Housing Corporation

I was engaged to audit the financial statements of Desire Community Housing Corporation (a non-profit organization) as of and for the year ended December 31, 1995, and have issued my report thereon dated December 30, 1996.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Institutions. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether Desire Community Housing Corporation complied with laws and regulations, noncompliance with which would be material to a major federal program.

In planning and performing my audit for the year ended December 31, 1995, I considered Desire Community Housing Corporation's internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on Desire Community Housing Corporation's financial statements and on the compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-133. This report addressed my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal programs. I have addressed policies and procedures relevant to my audit of the financial statements in a separate report dated December 30, 1996.

The management of Desire Community Housing Corporation is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure and procedures. The objectives of an internal control structure are to provide management with reasonable, but no absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal awards programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

My consideration of the internal control structure 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 as defined above. However, I noted the following reportable conditions that I believe to be material weaknesses.

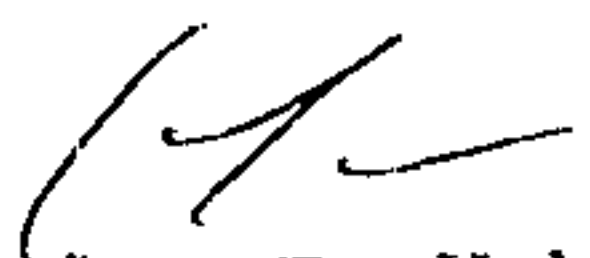
MATERIAL WEAKNESSES

1. Interfund Receivables/Payables

My review of interfund balances revealed that interfund receivables and payables between programs are not reconciled on a regular basis. Interfund payables were carried in the vendor payable account of a program. Interfund receivables were not identified in specific accounts in the program general ledgers.

I recommend that proper controls be established over interfund receivables and payables to include monthly reconciliation. Interfund receivables and payables should be carried in separate receivable and payable accounts and not combined in accounts carrying non-interfund activity.

This report is intended for the information of management, board of directors, the Legislative Auditor of the State of Louisiana, the City of New Orleans, and the U.S. Department of Housing and Urban Development. However, this report is a matter of public record, and its distribution is not limited.



Charles F. Webb
Certified Public Accountant

December 30, 1996

- * Payroll and related liabilities
- * Debt and other liabilities
- * Fund balances

For all the internal control structure categories listed above, I obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operations, and I assessed control risk.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgement, could adversely affect the Organization's ability to record, process, summarize, and report financial data in a manner that is consistent with the assertions of management in the financial statements.

REPORTABLE CONDITIONS

1. Budget

The agency did not maintain budgets for active programs.

I recommend the organization set up budgetary controls on all active programs and monitor these budgets on a monthly basis.

2. Tax Liens

The corporation has several tax liens pending the payment of federal and state employment taxes. Management has established installment agreements with both federal and state taxing authority. The corporation has limited non public funds and lack adequate control over the interfund receivables and payable, making difficult to determine which programs owe the tax liability. The corporation is attempting to have the penalties and interest abated.

The state unemployment tax returns were filed and paid late. A delinquent tax notice was issued on 3/3/95 for taxes, interest and penalties for the 1st quarter of 1990 through the 4th quarter of 1994. The IRS is attempting to collect taxes for various quarters between 1993 to 1995.

I recommend management resolve this matter as expeditiously as possible and begin immediately attempting to determine the which programs may owe the agency for the unpaid taxes.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Desire Community Housing Corporation

I was engaged to audit the financial statements of Desire Community Housing Corporation (a non-profit organization) as of and for the year ended December 31, 1995, and have issued my report thereon dated December 30, 1996.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing my audit of the financial statements of Desire Community Housing Corporation for the year ended December 31, 1995, I considered its internal control structure 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 structure.

The management of Desire Community Housing Corporation is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, I have classified the significant internal control policies and procedures in the following categories:

- * Cash
- * Support, receivables and receipts
- * Expenses for program, supporting services and accounts payable

DESIRE COMMUNITY HOUSING CORPORATION
 SCHEDULE OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 1995

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development			
Section 8 - Low Income Housing Assistance Program			
	14.217		\$ 673,196 (A)
Counseling Program	14.218	H06G93001900000	29,838 (A)
United Way (FEMA)	14.218	13-3658-00	2,479 (A)
Passed Through the City of New Orleans			
Senior Center Therapy Desire/Flo Day Care Center Program	14.218	CD#50-114(93)	475 (A)
	14.218	CD#50-031(E)	98,493 (A)
Subtotal			----- 804,481
U.S. Department of Agriculture			
Passed through Louisiana Department of Education Child Food Program			
	10.550		45,051
U.S. Department of Health and Human Services			
Passed through the Louisiana Department of Social Services Project Independence			
	13.781	#335-3110	31,056
Total Federal Awards			----- \$ 880,588 =====

(A) Denotes major program

APPENDIX A

GORDON PLAZA APARTMENT (A Development of
Desire Community Housing Corporation
HUD Project # 064 35178 NP L8

A1 - A37

DESIRE COMMUNITY HOUSING CORPORATION
 COMBINED STATEMENT OF REVENUE AND EXPENSES
 AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED DECEMBER 31, 1995

	GORDON PLAZA APT	DESI-FLO BOOSTER	HUD GRAN DISASTER WAY	HUD UNITED WAY	NHIF3-004 EXXON SUMMER JOB GRANT	SR. CENTR THERAPY	HOPE3-001 HOPE3-001	BLACK FEMALE FOCUS	DESI-FLO CITY CD 50-031E	STATE HOUSING COUNSEL	FYE 895 ADMIN	FYE 896 ADMIN
REVENUE												
GRANT APPROPRIATIONS	601,428		28,644	0	152,554						88,300	96,114
RENTAL INCOME	2,903											
INTEREST INCOME	5,290	504			415				4,387			
OTHER INCOME												
TOTAL REVENUE	609,621	504	28,644	0	152,554	0	0	0	97,286	88,300		96,114
EXPENSES												
SALARY	77,131		12708		65,682				81,848	73,299		68,930
FRINGE BENEFITS	6,811		2034		7,488				11,051	7,132		6,952
TRAVEL			2,231						7,650			3,030
OPERATING SERVICES		805			49,511				5,594	7,769		1,951
CONTRACTUAL SERVICES										1,185		
RENT										1,854		
TELEPHONE	2,049		4,815		791							
INSURANCE	57,648		200									
POSTAGE	0											
ADVERTISING/VIDEO	0											
SUPPLIES	1,082	363	1,445		258				1,144			1,538
MATERIAL	10,225				24,603				758			2,118
UTILITIES	73,045				2,500							
SUBCONTRACT LABOR			4284							686		954
EQUIPMENT RENTAL	183,964											
INTEREST EXPENSE	39,449											
REPAIRS & MAINTENANCE	101,411											
DEPRECIATION	53,800		2000		1,651	290						6,657
PROFESSIONAL SERVICES	5,282		50		2,479	415						3,970
OTHER EXPENSES											100	15
DUES & SUBSCRIPTION		120	91		70	60						
BANK SERVICE CHARGE												
TOTAL EXPENSES	673,196	1,288	29,838	0	152,554	290	475	0	98,493	101,632		96,114
EXCESS OF REVENUE OVER EXPENSES	(63,575)	(784)	(1,194)	0	(2,479)	(290)	(60)	0	(1,227)	(13,362)		0
FUND BALANCE (DEFICIT) BEGINNING OF YEAR	447,469	1,212	10422	26,449	2,479	0	(212)	13,619	(4,902)	(3,867)	15,944	0
ADJUSTMENT TO FUND BALANCE	1492				566			2903				-2374
FUND BALANCE (DEFICIT) END OF YEAR	385,386	428	9,226	26,449	0	0	294	3,619	(6,129)	(6,129)	188	0

SUPPORTING DATA AS REQUIRED BY HUD

DESIRE COMMUNITY HOUSING CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 1995

NOTE I - RELATED PARTY TRANSACTIONS

Desire Community Housing Corporation leases facilities to programs administered by the corporation. These leases totaled \$8,487 for the year ended December 31, 1995. Management is of the opinion that the lease cost is comparable to rental costs charged by other lessors.

<u>Lessor</u>	<u>Lessee</u>	<u>Annual Rental</u>
Gordon Plaza Apartments	Senior Center Program	\$ 7,302
Gordon Plaza Apartments	Administrative Programs	1,185

		\$ 8,487
		=====

All leases between programs are for one year.

Desire Community Housing Corporation has entered into a written agreement with Liberty Terrace Subdivision, Inc. to construct low-income housing. The board of directors primarily consist of members from the board's of each agency.

NOTE J - INCOME TAXES

The corporation is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code. Form 990, Return of Organization, Exempt from Income tax for the year ended December 31, 1995 was not timely filed.

NOTE K - BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any person as a Board Member.

NOTE L - ECONOMIC DEPENDENCY

The corporation received the majority of its revenue from funds provided through grants administered by the State of Louisiana and the City of New Orleans. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of the funds the organization receives could be reduced significantly and have an adverse impact on its operation. At the time of completion of the examination of the organization's financial statements, management was not aware of any actions taken that would adversely affect the amount of funds the organization will receive in the next fiscal year.

** The 1994 accounts/programs closed out in 1995 are as follow:

Program	Fund Balance
Senior Center Van	\$ 108
HUD Grant - 93	(367)
Senior Center FYE 1993	75
Counselling Program	(2)
Project Independence Grant 355 3110	6,859
Desi Flo Units	4,811
Weatherization Contract # D1670	(803)
Payroll Account	(105)

Total	\$10,576
	=====

NOTE G - SUMMARY OF FUNDING

The grant appropriations of the corporation as of December 31, 1995 consists of the following:

<u>Grants</u>	<u>Period</u>	<u>Grants Received</u>
U.S. Department of Housing & Urban Affairs		
H06G940070000	3/1/94-12/31/95	\$ 28,644
City of New Orleans		
NHIF3-004 7824/7825	3/1/94-2/28/95	152,554
Desi/Flo Expansion	1/1/95-12/31/95	18,984
CD#50-031E	1/1/95-12/31/95	92,899
NHIF-005	12/14/94-4/30/95	16,530
New Orleans Council on Aging, Inc.		
Senior Center Program	FYE 94/95 & FYE 95/96	73,633
State of Louisiana		
Urban Affairs & Devel	7/1/94-6/30/95	88,300
Urgan Affairs & Devel	7/1/95-6/30/96	96,114
Desi/Flo State	7/1/94-6/30/95	9,628
Desi/Flo Child & Adult		
Care Food Program	1/1/95-12/31/95	41,894
Project Indep. DHHR	7/1/94-08/31/95	12,738

		\$ 631,918
		=====

NOTE H - CONCENTRATION OF CREDIT RISKS

During the fiscal year bank balance of a single or aggregate accounts may exceed the FIDC secured limit of \$100,000.

NOTE F - FUND BALANCE

Fund balance (deficit) at December 31, 1995 consists of the following:

Restricted

Gordon Plaza Apartments	\$385,386
HUD Grant H06G930070000	9,228
HUD Disaster - DU100G000018339	26,449*
United Way	-0-
Exxon Summer Job Grant	-0-
Senior Center Therapy CD50-114(93)	294
HOPE3 - 001	216
Black Female Focus 28-95-73AN-D	(3,867)
Desi/Flo Child Care Service - CDBG	(6,129)
Admin State Housing Counseling FY 6/95	188
Admin State Housing Counseling FY 6/96	-0-
Senior Center	2,720
Desi/Flo Project Independence	-0-
Desi/Flo Child Care - State	(19,368)
Program Income	3,751
NHIF - 0005 7824/7825	(4,000)
Weatherization DSS 04725	(1,056)
Desi/Flo Child & Adult Care Food Program	31,642
Desi/Flo III	13,619
Gordon Plaza Management	(1,840)
Project Independence	(1,358)
Desi/Flo Expansion	8,806
Real Estate	2,985
Linden & Wales	(158,095)
Inactive Programs	10,576**

	300,147

Unrestricted Funds

Desi-Flo Booster	428
Desire Square	(884)
Christmas Party Fund	1,971

	\$ 301,662
	=====

* Records for the HUD Disaster Program was not available. Management stated there was no activity for this program during 1995.

DESIRE COMMUNITY HOUSING CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 1995

NOTE D - MORTGAGE NOTES PAYABLE

The mortgage notes payable at December 31, 1995 consist of the following:

Mortgage note payable to finance company due in monthly installments of approximately \$18,604 including interest at 7.5% through October, 2020	\$2,514,658
Note payable to Hibernia Bank for interim financing Upon receipt of the funding for the project the loan will be repaid.	139,218
Mortgage note payable to non-profit corporation, non-interest bearing, due upon demand	10,000

	\$2,663,876
	=====

The mortgage note payable is secured by land and building costing \$4,004,816. The interest expense for the year ending December 31, 1995 totaled \$190,488.

<u>Year ended</u> <u>December 31,</u>	
1996	\$ 46,093
1997	38,895
1998	41,915
1999	45,168
2000	48,684
2001	52,156
Later years	2,380,965

	\$2,663,876
	=====

NOTE E - CONTINGENCIES AND LITIGATIONS

The organization is currently in litigation as a result of poorly constructed houses. The corporation's attorney is of the opinion that except for the cost of defending this suit, it is unlikely that the plaintiff will prevail against the corporation.

DESIRE COMMUNITY HOUSING CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 1995

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Real Estate Inventories

Real estate inventories are carried at cost not to exceed estimates of net realizable value determined on an individual project basis. The real estate has been acquired to be rehabilitated in accordance with government contracts.

8. Receivables Other Programs

Other program receivables consist of interfund borrowing. As of December 31, 1995, the interfund payables and receivables were not reconciled. Management has hired a consultant to assess the problem and provide feasible alternatives to correct this deficiency.

NOTE B - GRANT RECEIVABLE

The grant receivable at December 31, 1995 consists of the following:

State of Louisiana	
Department of Education	26,800
City of New Orleans	
Office of Housing and Urban Affairs	22,472

	\$49,272
	=====

NOTE C - LAND, BUILDING AND EQUIPMENT

Land, building and equipment at December 31, 1995 consists of the following:

Buildings	\$3,431,316
Building equipment - fixed	33,229
Building equipment - portable	96,309
Furniture	31,634
Furnishings	21,735
Maintenance equipment	10,497
Other Furniture/Fixtures	139,768

	3,764,488
Less accumulated depreciation	(1,628,934)

	2,135,554
Land	550,000

	\$2,685,554
	=====

DESIRE COMMUNITY HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1995

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization

Desire Community Housing Corporation was organized primarily to provide affordable housing to low and moderately low income individuals through acquisition, construction, rehabilitation and housing assistance programs.

2. Presentation of Financial Statements

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles. They are presented on the accrual basis of accounting.

3. Method of Accounting

The records are maintained in accordance with the principles of fund accounting. Accordingly, resources for various programs are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund.

4. Depreciation and Amortization

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on the straight-line-method. Depreciation expense for the year ended December 31, 1995 totaled \$101,411.

5. Revenue Recognition

For financial reporting, the corporation recognized unrestricted fund revenues as received. Revenue on restricted funds is recognized as it is earned in accordance with approved contracts.

6. Receivables

The corporation considers accounts receivable to be fully collectible since the balance consists principally of payments due under governmental contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made.

DESIRE COMMUNITY HOUSING CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 1996

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income(Loss)		\$(249,837)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation expense to general fund	\$101,411	
Depreciation expense to property fund	9,305	
Change in receivables	(21,080)	
Change in other assets	38,143	
Change in accounts payable and accrued liabilities	90,471	
Change in due other programs	18,831	
Change in security deposit payable	(1,740)	

Total Adjustments		197,679

NET CASH PROVIDED BY OPERATING ACTIVITIES		(52,158)

CASH FLOWS FROM INVESTING ACTIVITIES:

Investment in equipment	(14,758)	
Changes in reserve for replacements	(466)	

NET CASH PROVIDED (USED IN) INVESTING ACTIVITIES		(15,224)

CASH FLOWS FROM FINANCING ACTIVITIES:

Net proceeds from financing projects	108,612	
Expenditures of advance earnings	(170,274)	
Net adjustments to fund balance	(3,956)	

NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES		(65,618)

Net increase (decrease) in cash		(133,000)
Cash - beginning of period		306,386

Cash - end of period		\$173,386
		=====

The accompanying notes are an integral part of these
financial statements

DESIRE COMMUNITY HOUSING CORPORATION
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED DECEMBER 31, 1995

Fund balance, beginning of year		
General Fund	\$ 546,212	
*Property Fund	9,305	
	-----	\$555,517
Adjustments to Fund Balance		5,287
Fully depreciated property fund		(9,305)
Excess of Revenues Over Expenses		(249,837)
Fund Balance, End of Year		----- \$ 301,662 =====

*The assets were fully depreciated as of 12/31/95.

The accompanying notes are an integral part of the financial statements.

DESIRE COMMUNITY HOUSING CORPORATION
BALANCE SHEET
DECEMBER 31, 1995

ASSETS

<u>Cash</u>			
Operating	\$	141,230	
Tenant and commercial security deposits		32,156	
		-----	\$ 173,386
<u>Receivables</u>			
Grant (Note A6 and B)		49,271	
Other programs (Note A8)		104,922	
Tax and insurance escrow		45,343	
Other		62,566	
		-----	262,102
Real estate inventories (Note A7)			10,000
Replacement reserve			126,439
Land, building and equipment - at net, cost (Note A4 and C)			2,685,554
Deposits			3,890
Other			439

Total Assets			\$3,261,810 =====

LIABILITIES AND FUND BALANCE

Accounts payable and accrued liabilities	\$	169,186
Tenant and commercial security deposit payable		10,922
Due to other programs		33,277
Mortgage notes payable (Note D)		2,663,876
Advance earnings		82,887
Contingencies and Litigations (Note E)		
Fund balance (Note F)		301,662

Total Liabilities and Fund Balance		\$3,261,810 =====

The accompanying notes are an integral part of the financial statements.

SENIOR CENTER	DESIRE SQUARE	DESIFLO STATE	NHIF-005 78247825	PROGRAM WEATHER-ZATION	DESIFLO FOOD	GORDON PLAZA MANGT	CHRISTMA PARTY	PROJECT INDEPN	DESIFLO EXPANSO	REAL ESTATE	LINDEN & WALES	INACTIVE PROGRAMS	TOTAL PROGRAMS
73,633	73,498	9,628	16,530	0	41,894	0	16,678	12,738	18,984	0	0	0	631,818
43,638	4,117	4,286	0	0	22,755	0	0	12,130	1,750	0	48,419	0	874,926
4,477	315	521	0	0	2,488	0	0	1,248	134	0	3,704	0	2,903
568	0	0	0	0	1,573	0	4,475	1,048	0	0	0	0	27,254
7,302	759	0	0	0	0	0	0	0	0	0	0	0	1,337,001
877	528	994	0	0	0	0	0	1,630	0	0	0	0	516,893
7,793	28,362	623	0	0	0	0	0	9,425	0	0	0	0	54,435
	403												13,960
	896	156	0	0	17,611	522	5,885	196	0	0	22,837	0	7,422
603	20,383						3,025						116,272
2,447													9,246
3,888	4,945												14,089
1,991	4,100	225	22,420	0	0	120	2,633	4,500	8,294	0	55,020	0	104,842
	1,593							175			6,168		603
49	109	208	218				124	17		15			5,885
73,633	96,510	7,112	22,636	0	45,051		16,142	31,056	10,178	15	158,095		27,715
0	6,988	2,516	(6,106)	0	(3,157)		0	(18,318)	8,806	(15)	(158,095)		58,188
2,720	(7,872)	(21,884)	2,108	0	(1,056)	(1,840)	1,435	16,959	0	0	0	10576	99,407
													21,252
													8,716
													190,498
													8,716
													101,411
													48,872
													161,940
													22,192
													100
													1,200
													1,586,838
													(249,837)
													546,212
													5,287
													301,862
2,720	(884)	(19,368)	(4,007)	0	3,751	(1,840)	1,971	(1,359)	8,806	2,985	(158,095)	10576	0

Explanations

a. SUTA Tax

An installment agreement has been established with the state taxing agency. Delinquent SUTA taxes is an agency debt and have not been presented on these financial statements, however a lien will remain on property until taxes are paid.

b. Not Applicable N/A

The prior year audit report included all programs, therefore some prior year findings and corrective actions may not be applicable to the this project.

GORDON PLAZA APARTMENTS
[A Development of Desire Community Housing Corporation,
(a nonprofit organization)]
Project No. 064 35178 NP L8

RESPONSES TO FINDINGS

Management will comply with auditors recommendations.

Criteria

The agency should make all payments due under the note and mortgage timely.

Cause of Condition

The agency did not have adequate working capital.

Effect of Condition

Late mortgage payment result in additional charges to the project in the form of interest and/or late charges.

Recommendation

The agency should consider ways to reduce expenditures and/or increase its rental income. Ways to increase the occupancy should be developed and implemented. Possible efficiencies to reduce utilities should be investigated which may include conservation methods and education and capital improvements.

State of Condition

The books and records were not available in a timely manner resulting in late submission of the December 31, 1995 audit report.

Criteria

The Regulatory Agreement incident to an insured mortgage requires the annual submission of audited financial statements within 60 days after the end of the fiscal year.

Cause of Condition

Change over of accounting personnel and a change of computer hardware and software resulted in the disruption of processing the accounting data.

Effect of Condition

Failure to timely submit the annual audit report resulted in non-compliance of the regulatory agreement.

Recommendation

Priority should be given to closing out the books and records and preparing for the annual audit. The agency should engage the auditor prior to the end of the fiscal year and selective internal control and compliance testing can begin.

GORDON PLAZA APARTMENTS
[A Development of Desire Community Housing Corporation,
(a nonprofit organization)]
Project No. 064 35178 NP L8

SUPPORTING DATA REQUIRED BY HUD
December 31, 1995

SCHEDULE OF FINDINGS, RECOMMENDATION AND QUESTIONED COSTS (if any)

Internal Control and Specific Requirements

State of Condition

State unemployment taxes are outstanding as of December 31, 1995. An installment agreement was reach with the state unemployment office, however liens were levied against the property of the project and has not been released. It does not appear that the Project owes the delinquent taxes.

Criteria

The agency should identify the program or project that have not paid their portion of the state unemployment tax, collect the funds, if available, and pay this delinquent tax liability.

This delinquency has resulted in liens against the property of the project. Based on the Regulatory Agreement the property should remain free of any additional encumbrances without prior approval from HUD.

Cause of Condition

The previous accountant/management did not timely file the returns and paid taxes when they became due.

Effect of Condition

Late filing result in unallowable interest and penalties which should be paid with non public funds. The amount of interest and penalties or the source of funds to repay the delinquency has not been determined.

Recommendation

A restricted bank account should be open specifically for the payment of payroll taxes. The liability should be accrued each payroll and each program should fund the payroll account for their portion of the liability.

State of Condition

Mortgage Status - In December 1995 the mortgage payment was not timely paid.

GORDON PLAZA APARTMENTS
[A Development of Desire Community Housing Corporation,
(a nonprofit organization)]
Project No. 064 35178 NP L8

NOTES TO THE FINANCIAL STATEMENTS
December 31, 1995

NOTE 3 - CONTINGENCIES (continued)

Litigation

Fortune, et al v. Liberty Terrace Subdivision, Inc.

The organization's attorney states that the nature of this litigation is a claim that Desire Community Housing Corporation is the real owner of the Liberty Terrace Development and that houses were negligently constructed giving homeowners a right to money damages. The attorney further states that the case is ready for trial and also that settlement negotiations are continuing. The attorney believes that it is unlikely that the plaintiffs will prevail against Desire Community Housing Corporations.

Thomas, et al v. Desire Community Housing Corporation

The organization's attorney states that the nature of this litigation is a claim that Desire Community Housing Corporation negligently constructed houses. This suit exposes Desire to \$15,000 in damages and a \$5,000 cost of defense. Management is responding to this action with a vigorous defense. The attorney states that it is likely that Desire will win this suit.

NOTE 4 - RELATED PARTY TRANSACTIONS

The management agent for Gordon Plaza Apartments is Desire Community Housing Corporation, which is also the owner of the Complex. The management agent will be entitled to a management fee of 7% of Gross Rental Collections as defined in the management agreement. During 1995 the agent has earned \$42,675 in management fees, \$42,675 of which was received in 1995.

GORDON PLAZA APARTMENTS
[A Development of Desire Community Housing Corporation,
(a nonprofit organization)]
Project No. 064 35178 NP L8

EXIT CONFERENCE
December 31, 1995

The findings and recommendation mentioned were discussed at an exit conference with the representative of the Management Agent held on October 26, 1996.

MANAGEMENT AGENT

Desire Community Housing Corporation
Wilbert Thomas
Harry Berry

AUDITOR
Charles F. Webb, CPA

GORDON PLAZA APARTMENTS
 [A Development of Desire Community Housing Corporation,
 (a nonprofit organization)]
 Project No. 064 35178 NP L8

SCHEDULE OF FEDERAL AWARDS
 For the Year Ended December 31, 1995

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Section 8 - Low Income Housing Assistance Program	14.156		\$673,198

Total Federal Awards			\$673,198 =====

CHARLES F. WEBB

CERTIFIED PUBLIC ACCOUNTANT

SUPPLEMENTARY DATA REQUIRED BY HUD

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH COMMON
REQUIREMENTS APPLICABLE TO THE HUD PROGRAMS

To the Board of Directors of
Desire Community Housing Corporation
New Orleans, Louisiana

I have audited the financial statements of Gordon Plaza Apartments, [a development of Desire Community Housing Corporation (a nonprofit organization)] Project No. 064 35178 NP L8 ("the Project") as of and for the year ended December 31, 1995, and have issued my report thereon dated October 26, 1996. I have also audited the Project's compliance with specific requirements applicable to its major HUD programs and have issued my report thereon dated October 26, 1996.

I have applied procedures to test the Project's compliance with the following requirements applicable to its HUD-Assisted programs for the year ended December 31, 1995:

- o Cash Management
- o Federal Financial Reports
- o Marketing/Non-Discrimination

My procedures were limited to the applicable compliance requirements described in the Consolidated Audit Guide for Audits of HUD Programs ("the Guide"), issued by the U.S. Department of Housing and Urban Development, Office of Inspector General in an audit, the objective of which would be the expression of an opinion on the Project's compliance with the requirements listed in the preceding paragraph. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to my attention that cause me to believe that the Project had not complied, in all material respects, with those requirements.

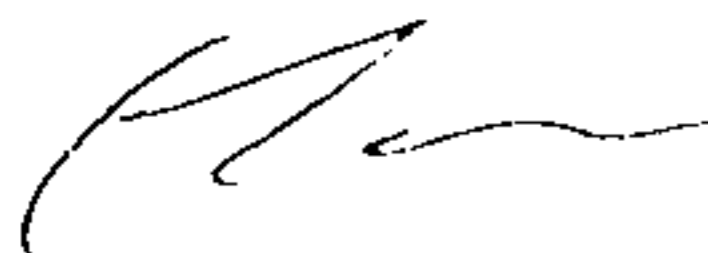
This report is intended for the information of the audit committee, management, and the Department of Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.



Charles F. Webb
Certified Public Accountant

October 26, 1996

In my opinion, the Gordon Plaza Apartments, [a development of Desire Community Housing Corporation (a nonprofit organization)] Project No. 064 35178 NP L8 complied, in all material respects, with the requirements described above that are applicable to each of its major HUD-assisted programs for the year ended December 31, 1995.



Charles F. Webb
Certified Public Accountant

October 26, 1996

CHARLES F. WEBB

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT ACCOUNTANT'S OPINION ON COMPLIANCE WITH SPECIFIC
REQUIREMENTS APPLICABLE TO MAJOR HUD PROGRAMS

To the Board of Directors of
Desire Community Housing Corporation
New Orleans, Louisiana

I have audited the financial statements of Gordon Plaza Apartments, [a development of Desire Community Housing Corporation (a nonprofit organization)] Project No. 064 35178 NP L8 as of and for the year ended December 31, 1995 and have issued my report thereon dated October 26, 1996. In addition, I have audited the Gordon Plaza Apartments, [a development of Desire Community Housing Corporation (a nonprofit organization)] Project No. 064 35178 NP L8 compliance with the common and specific program requirements that are applicable to each of its major HUD-assisted programs, for the year ended December 31, 1995. The management of the Gordon Plaza Apartments, [a development of Desire Community Housing Corporation (a nonprofit organization)] Project No. 064 35178 NP L8 is responsible for compliance with those requirements. My responsibility is to express an opinion on compliance with those requirements based on our audit.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the Consolidated Audit Guide, issued by the U.S. Department of Housing and Urban Development, Office of Inspector General. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Gordon Plaza Apartments, [a development of Desire Community Housing Corporation (a nonprofit organization)] Project No. 064 35178 NP L8 compliance with those requirements. I believe my audit provides a reasonable basis for my opinion.

The results of my audit procedures disclosed instances of noncompliance with the requirements referred to above, which are described in the accompanying schedule of findings, recommendation and questioned costs. I considered these instances of noncompliance in forming my opinion on compliance, which is expressed in the following paragraph.

COMPLIANCE REPORT

This report is intended for the information of the audit committee, management, and the Department of HUD.



Charles F. Webb
Certified Public Accountant

October 26, 1996

During the year ended December 31, 1995 Gordon Plaza Apartments, [a development of Desire Community Housing Corporation (a nonprofit organization)] Project No. 064 35178 NP L8 expended 100 percent of its total HUD financial assistance under major HUD-assisted programs.

I performed tests of controls to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I considered relevant to preventing or detecting material noncompliance. My procedures were less in scope than would be necessary to render an opinion on internal control structure policy and procedures. Thus, I do not express my opinion on those policies and procedures.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgement, could adversely affect the organization's ability to administer Federal financial assistance programs in accordance with applicable laws and regulations.

1. State unemployment taxes are outstanding as of December 31, 1995. An installment agreement was reach with state unemployment office, however liens were levied against property and has not been released. It does not appear that the Project owes the delinquent taxes.
2. In December 1995 the mortgage payment was not timely paid.
3. The books and records were not available in a timely manner resulting in late submission of the December 31, 1995 audit report.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations 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.

My consideration of the internal control structure 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 as defined above. However, I believe none of the reportable conditions described above is a material weakness.

In planning and performing my audits for the year ended December 31, 1995, I considered the Gordon Plaza Apartments, [a development of Desire Community Housing Corporation (a nonprofit organization)] Project No. 064 35178 NP L8 internal control structure in order to determine our auditing procedures for the purpose of expressing my opinions on the basic financial statements and on its compliance with requirements applicable to major programs and not to provide assurance on the internal control structure.

In connection therewith, I have also obtained an understanding of those internal accounting control and administrative control procedures comprehended in the U.S. Department of Housing and Urban Development (HUD) Consolidated Audit Guide for HUD Programs issued October 1991. My study included tests of compliance with such procedures.

For the purpose of this report, I have classified the significant internal control structure policies and procedures in the following categories:

1. Billings (in regards to request for Housing Assistance payments)
2. Cash Receipts
3. Cash Disbursements
4. Revenues and Receivables
5. Purchases, Expenses and Payables
6. Payroll and related liabilities
7. Property and equipment
8. Debt and other liabilities
9. Owners equity

I have further broken down the category into the following:

Common Requirement

- o Cash Management
- o Federal Financial Reports
- o Market/Non-Discrimination

Specific Requirements

- o Types of services allowed or not allowed
- o Mortgage Status
- o Books and Records
- o Cash Activities
- o Management Agreement
- o Rents and Charges
- o Tenant Eligibility and Assistance Payments
- o Vouchers and Remittances Submitted to HUD

For all of the internal control structure categories listed above, I obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation and I assessed control risk.

GORDON PLAZA APARTMENTS
 [A Development of Desire Community Housing Corporation,
 (a nonprofit organization)]
 Project No. 064 35178 NP L8

SUPPORTING DATA REQUIRED BY HUD
 December 31, 1995

ACCOUNTS AND NOTES RECEIVABLE (OTHER THAN FROM REGULAR TENANTS):

<u>NAME</u>	<u>DATES</u>	<u>DESCRIPTION</u>	<u>ORIGINAL AMOUNT</u>	<u>AMOUNT DUE</u>
D.C.H.C.	Various	Non-Interest Bearing Loan On Demand	\$53,314	\$53,314
D.C.H.C.	Various	Non-Interest	\$ 3,240	3,240
Employee	12-25-95	Advance due On demand	1,600	1,600

DELINQUENT TENANT ACCOUNTS RECEIVABLES:

	<u>NUMBER OF TENANTS</u>	<u>AMOUNT PAST DUE</u>
Delinquent 31-60 days	NONE	
Delinquent 61-90 days		
Delinquent over 90 days		

GORDON PLAZA APARTMENTS
[A Development of Desire Community Housing Corporation,
(a nonprofit organization)]
Project No. 064 35178 NP L8

SUPPORTING DATA REQUIRED BY HUD
December 31, 1995

PROJECT OWNER'S & MANAGEMENT AGENT'S CERTIFICATION

We hereby certify that we have read the accompanying financial statements and supplemental data of Desire Community Housing Corporation, Gordon Plaza Apartments, and to the best of our knowledge and belief, the same is complete and accurate.

DESIRE COMMUNITY HOUSING CORPORATION
FEDERAL I.D. NUMBER 72-06899712

BY Wilbert Thomas Sr./add
President
DCHC

BY Harry D. Berry
Comptroller
DCHC

CHARLES F. WEBB

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT ACCOUNTANT'S COMBINED REPORT
ON THE INTERNAL CONTROL STRUCTURE

To the Board of Directors of
Desire Community Housing Corporation
New Orleans, Louisiana

I have audited the financial statements of Gordon Plaza Apartments, [a development of Desire Community Housing Corporation (a nonprofit organization)] Project No. 064 35178 NP L8 as of and for the year ended December 31, 1995, and have issued my report thereon dated October 26, 1996. I have also audited the Project compliance with requirements applicable to major HUD-assisted programs and have issued my report thereon dated October 26, 1996.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States and the Consolidated Audit Guide for Audit of HUD Programs, issued by the U.S. Department of HUD, Office of the Inspector General. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the project complied with laws and regulations, noncompliances with which would be material to a HUD-assisted program.

The management of the Project is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles and that Federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

GORDON PLAZA APARTMENTS
[A Development of Desire Community Housing Corporation,
(a nonprofit organization)]
Project No. 064 35178 NP 1.8

SUPPORTING DATA REQUIRED BY HUD
December 31, 1995

STATEMENT OF PROFIT AND LOSS IN FORMAT PRESCRIBED BY HUD

Form HUD - 92410
See pages 14 and 15

6000-Project Expense Accounts (continued)

Operating and Maintenance Expenses — 6500		Acct. No.	Carried forward from Page 1	\$
Janitor and Cleaning Payroll		6510	\$	
Janitor and Cleaning Supplies		6515	\$	10,225
Janitor and Cleaning Contract		6517	\$	
Exterminating Payroll/Contract		6519	\$	
Exterminating Supplies		6520	\$	1,082
Garbage and Trash Removal		6525	\$	4,200
Security Payroll/Contract		6530	\$	43,331
Grounds Payroll		6535	\$	
Grounds Supplies		6536	\$	
Grounds Contract		6537	\$	5,400
Repairs Payroll		6540	\$	
Repairs Material		6541	\$	5,171
Repairs Contract		6542	\$	
Elevator Maintenance/Contract		6545	\$	2,468
Heating/Cooling Repairs and Maintenance		6546	\$	
Swimming Pool Maintenance/Contract		6547	\$	
Snow Removal		6548	\$	
Decorating Payroll/Contract		6560	\$	
Decorating Supplies		6561	\$	
Vehicle & Maint. Equip. Operation and Repairs Commercial		6570	\$	2,641
Miscellaneous Operating & Maintenance Exp.		6590	\$	4,222
Total Operating & Maintenance Expenses				\$ 78,740
Taxes and Insurance — 6700				
Real Estate Taxes		6710	\$	
Payroll Taxes (FICA)		6711	\$	6,811
Miscellaneous Taxes, Licenses and Permits		6719	\$	
Property and Liability Insurance (Hazard)		6720	\$	45,020
Fidelity Bond Insurance		6721	\$	
Workmen's Compensation		6722	\$	
Health Insurance & Other Employee Benefits		6723	\$	
Other Insurance (specify)		6729	\$	
Total Taxes and Insurance				\$ 51,831
Financial Expenses — 6800				
Interest on Bonds Payable		6810	\$	
Interest on Mortgage Payable		6820	\$	189,864
Interest on Notes Payable (Long-Term)		6830	\$	
Interest on Notes Payable (Short-Term)		6840	\$	
Mortgage Insurance Premium/Service Charge		6850	\$	12,628
Miscellaneous Financial Expenses		6890	\$	
Total Financial Expenses				\$ 202,492
Elderly and Congregate Service Expenses — 6900				
Total Service Expenses—Schedule Attached		6900	\$	
Total Cost of Operations before Depreciation				\$ 571,785
Profit (Loss) before Depreciation				\$ 37,836
Depreciation (Total) — 6600 (specify)		6600	\$	101,411
Operating Profit or (Loss)				\$ (63,575)
Corporate or Mortgagor Entity Expenses — 7100				
Officer Salaries		7110	\$	
Legal Expenses (Entity)		7120	\$	
Taxes (Federal-State-Entity)		7130-32	\$	
Other Expenses (Entity)		7190	\$	
Total Corporate Expenses				\$
Net Profit or (Loss)				\$ (63,575)

Miscellaneous or other income and expense sub-account groups. If miscellaneous or other income or expense sub-accounts (6190, 5290, 5490, 5990, 6390, 6590, 6729, 6890, and 7190) exceed the Account Groupings by 10% or more, attach a separate schedule describing or explaining the miscellaneous income or expense.

Part II	1. Total principal payments required under the mortgage, even if payments under a Workout Agreement are less or more than those required under the mortgage. \$ 31,080	3. Replacement or Painting Reserve releases which are included as expense items on this Profit and Loss statement \$ -0-
	2. Replacement Reserve deposits required by the Regulatory Agreement or Amendments thereto, even if payments may be temporarily suspended or waived. \$	4. Project Improvement Reserve Releases under the Flexible Subsidy Program that are included as expense items on this Profit and Loss Statement \$

GORDON PLAZA APARTMENTS
[A Development of Desire Community Housing Corporation,
(a nonprofit organization)]
Project No. 064 35178 NP L8

SUPPORTING DATA REQUIRED BY HUD
December 31, 1995

MORTGAGE ESCROW DEPOSITS:

Estimated amount required as of December 31, 1995, for future payment of:

Property & Mortgage Insurance- Total	\$45,298
Total Confirmed	45,342

Amount or deposit in excess of estimated requirement	\$ 44
	=====

RESERVE FOR REPLACEMENT:

In accordance with the provisions of the regulatory agreement, restricted cash is held to be used for replacement of property and various other uses with the approval of HUD as follows.

Balance, January 1, 1995	\$125,973
Monthly deposits (12 @ \$1,883)	22,596
Interest	2,436
Withdrawals	(24,566)

	\$126,439
	=====

ACCOUNTS PAYABLE (OTHER THAN TRADE CREDITORS):

Payable within 30 days	\$ -0-
Payable within 31-60 days	-0-
Payable in more than 60 days	-0-

Balance	\$ -0-
	=====

ACCRUED PROPERTY TAXES NONE

COMPENSATION OF OFFICERS NONE

A management fee of \$42,675 was paid to the management agent of the project. No compensation is paid to any officers of the corporation.

GORDON PLAZA APARTMENTS
 [A Development of Desire Community Housing Corporation,
 (a nonprofit organization)]
 Project No. 064 35178 NP L8

SUPPORTING DATA REQUIRED BY HUD
 December 31, 1995

TENANT SECURITY DEPOSITS

Tenant security deposits are held at Hibernia National Bank, New Orleans, Louisiana in a regular savings account insured by the FDIC that is in the name of the project. At December 31, 1995, the account consisted of \$18,905 in cash.

CASH - OPERATING

Operating account at Hibernia National Bank is account #	\$2,214
Laundromat account at Hibernia National Bank is account #	809
Commercial rental units account at Liberty Bank and Trust is account #	1,222
Total Cash Operating	----- \$4,245 =====

GMAC Commercial Mortgage Corporation, Chicago, Illinois - December 31, 1995

Funds in Escrow with Mortgage Corporation

Replacement Reserve	\$126,439
Tax and Insurance Escrow	45,342
	----- \$171,781 =====

GORDON PLAZA APARTMENTS
[A Development of Desire Community Housing Corporation,
(a nonprofit organization)]
Project No. 064 35178 NP L8

SUPPORTING DATA REQUIRED BY HUD
December 31, 1995

SCHEDULE OF UNAUTHORIZED DISTRIBUTIONS OF PROJECT INCOME

NONE

GORDON PLAZA APARTMENTS
 [A Development of Desire Community Housing Corporation,
 (a nonprofit organization)]
 Project #064-35178 NP L8

SUPPORTING DATA REQUIRED BY HUD
 For the Year Ended December 31, 1995

CHANGE IN FIXED ASSETS

	Balance <u>1/1/95</u>	<u>Additions</u>	Balance <u>12/31/95</u>
Land	\$ 550,000	\$	\$ 550,000
Buildings	3,431,316		3,431,316
Building Equipment - Fixed	20,946	12,283	33,229
Building Equipment - Portable	95,109	1,200	96,309
Furniture	31,633		31,633
Furnishings	20,523	1,212	21,735
Maintenance Equipment	10,497		10,497
	<u>-----</u>	<u>-----</u>	<u>-----</u>
	\$4,160,024	\$14,695	\$4,174,719
	<u>=====</u>	<u>=====</u>	<u>=====</u>

Accumulated Depreciation <u>1/1/95</u>	1995 <u>Expense</u>	Accumulated Depreciation <u>12/31/95</u>	Land, Building & Equipment <u>Net</u>
\$	\$	\$	\$ 550,000
1,289,973	86,545	1,376,518	2,054,798
20,348	455	20,803	12,426
36,823	10,603	47,426	48,883
21,379	850	22,229	9,404
12,372	2,519	14,891	6,844
7,048	250	7,298	3,199
-----	-----	-----	-----
<u>\$1,387,943</u>	<u>\$101,222</u>	<u>\$1,489,165</u>	<u>\$2,685,554</u>
=====	=====	=====	=====

GORDON PLAZA APARTMENTS
 [A Development of Desire Community Housing Corporation,
 (a nonprofit organization)]
 Project No. 064 35178 NP L8

SUPPORTING DATA REQUIRED BY HUD
 December 31, 1995

COMPUTATIONS OF SURPLUS CASH, DISTRIBUTIONS AND RESIDUAL RECEIPTS AT THE BALANCE SHEET DATE:

Cash on hand and in banks (Accts. 1110, 1120, 1121, 1191, & 1192)	\$ 27,093 ----- 27,093 -----
Less-current obligations:	
Accrued mortgage interest payable	15,550
Accounts payable	33,140
Accrued expenses	418
Tenant and Commercial Security Deposit Liability (Acct. 2191 and 2192)	10,922 ----- 60,030 -----
Total current obligations	
Surplus cash (deficiency) at December 31, 1995	\$(32,937) =====
Distribution allowed per regulatory agreement to Owners	\$ -0- =====
Deposit Due Residual Receipts	\$ -0- =====

GORDON PLAZA APARTMENTS
[A Development of Desire Community Housing Corporation,
(a nonprofit organization)]
Project No. 064 35178 NP L8

SUPPORTING DATA REQUIRED BY HUD
December 31, 1995

IDENTITY OF INTEREST

There are no identity of interest suppliers or subcontractors used in the operation of the project. See also note 4 to the financial statements.

SCHEDULE OF CHANGES IN FIXED ASSETS

See page 20.

AUDITORS

The EIN of Charles F. Webb, CPA is 72-1309261. The lead auditor on the engagement is Charles F. Webb.

Statement of Profit and Loss

All amounts must be rounded to the nearest dollar; \$.50 and over, round up - \$.49 and below, round down.

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner



OMB Approval No. 2502-0052 (Exp. 8/31/89)

For Month/Period Beginning **1-1-95** Ending **12-31-95** Project Number **064-35178 NP 18** Project Name **Gordon Plaza Apartments**

Part 1	Description of Account	Acct. No.		
	Rental Income -- 5100			
	Apartment or Member Carrying Charges (Coops)	5120	\$	202,640
	Tenant Assistance Payments	5121	\$	437,916
	Furniture and Equipment	5130	\$	
	Stores and Commercial	5140	\$	37,135
	Garage and Parking Spaces	5170	\$	
	Flexible Subsidy Income	5180	\$	
	Miscellaneous (specify)	5190	\$	
	Total Rent Revenue Potential at 100% Occupancy		\$	677,691
	Vacancies -- 5200			
	Apartment	5220	(76,263)
	Furniture and Equipment	5230	()
	Stores and Commercial	5240	()
	Garage and Parking Spaces	5270	()
	Miscellaneous (specify)	5290	()
	Total Vacancies		(76,263)
	Net Rental Revenue Rent Revenue Less Vacancies		\$	601,428
	Elderly and Congregate Services Income -- 5300			
	Total Service Income (Schedule Attached)	5300	\$	
	Financial Revenue -- 5400			
	Interest Income-Project Operations	5410	\$	467
	Income from Investments-Residual Receipts	5430	\$	
	Income from Investments-Reserve for Replacement	5440	\$	2,436
	Income from Investments-Miscellaneous	5490	\$	
	Total Financial Revenue		\$	2,903
	Other Revenue -- 5900			
	Laundry and Vending	5910	\$	5,290
	NSF and Late Charges	5920	\$	
	Damages and Cleaning Fees	5930	\$	
	Forfeited Tenant Security Deposits	5940	\$	
	Other Revenue (specify)	5990	\$	
	Total Other Revenue		\$	5,290
	Total Revenue		\$	609,621
	Administrative Expenses -- 6200/6300			
	Advertising	6210	\$	
	Other Renting Expense (Laundry)	6250	\$	2,144
	Office Salaries	6310	\$	70,620
	Office Supplies	6311	\$	27,415
	Office or Model Apartment Rent	6312	\$	
	Management Fee	6320	\$	42,675
	Manager or Superintendent Salaries	6330	\$	6,511
	Manager or Superintendent Rent Free Unit	6331	\$	
	Legal Expenses (Project)	6340	\$	
	Auditing Expenses (Project)	6350	\$	2,125
	Bookkeeping Fees/Accounting Services	6351	\$	9,000
	Telephone and Answering Service	6360	\$	2,049
	Bad Debts	6370	\$	
	Miscellaneous Administrative Expenses (specify)	6390	\$	3,138
	Total Administrative Expenses		\$	165,677
	Utilities Expense -- 6400			
	Fuel Oil/Coal	6420	\$	
	Electricity	6450	\$	49,030
	Water	6451	\$	24,015
	Gas	6452	\$	
	Sewer	6453	\$	
	Total Utilities Expense		\$	73,045
	Total Expenses (Carry forward to Page 2)		\$	

5000-Revenue Accounts

6000-Project Expense Accounts

INTERNAL CONTROL REPORT