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PEOPLE HOUSING DEVELOPMENT, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 1965

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Release Date 9-9-96

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS
A PROFESSIONAL CORPORATION

2000 N. Esplanade Blvd. • Suite 200 • PO. Box 6907 • Metairie, LA 70006
Phone (504) 837-6134 • Fax (504) 837-1122

Philip W. Rebowé, CPA

June 7, 1995

To the Board of Directors
PEOPLE Housing Development, Inc.
Post Office Box 1954
Gretna, LA 70054

Dear Members:

In planning and performing our audit of the financial statements of PEOPLE Housing Development, Inc. (the "Organization") for the year ended December 31, 1995 on which we have issued our report dated June 7, 1996, we considered PEOPLE Housing's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure. However, during our audit we became aware of several matters that are opportunities for strengthening internal controls of the Organization. The following is a list of our observations and recommendations.

OBSERVATION

We observed that blank checks were pre-signed by the secretary, which eliminates dual signature control.

RECOMMENDATION

We recommend the Organization destroy the pre-signed checks. Both check signers should review supporting documentation for disbursements prior to signing checks.

OBSERVATION

We observed that there was a lack of segregation of duties within the Organization due to the limited number of accounting and administrative staff.

RECOMMENDATION

We recommend that the Board of Directors remain involved in the financial affairs of the Organization to provide oversight and independent review of activities in order to help to mitigate the lack of segregation of duties in the Organization.

This report is intended solely for the information and use of the Organization's Board of Directors, management, and appropriate regulatory agencies. If desired, we will be pleased to assist you in implementing any of our recommendations.

Sincerely,

PricewaterhouseCoopers

June 3, 1996

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REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

200 N. Causeway Blvd. • Suite 200 • PO. Box 992 • Metairie, LA 70002
Phone (504) 887-0118 • Fax (504) 887-0122

Philip H. Johnson, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
PEOPLE Housing Development, Inc.

We have audited the accompanying statement of financial condition of PEOPLE Housing Development, Inc. (a nonprofit organization) as of December 31, 1995, and the related statements of activity and changes in fund balance and of cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PEOPLE Housing Development, Inc. as of December 31, 1995, and the results of its activities and its cash flows for the year then ended in conformity with generally accepted accounting principles.

The accompanying financial statements for 1995 have been prepared assuming that the Organization will continue as a going concern. As discussed in Note 9 to the financial statements, the Organization receives its funding primarily from grants of the U.S. Department of Housing and Urban Development (HUD) passed through Jefferson Parish. During 1995, the Organization's operational grant of \$33,045 was canceled and only \$2,500 of funding was received. This caused a significant reduction of the Organization's activities. The Organization has received no subsequent funding and its ability to continue as a going concern is uncertain.

In accordance with Government Auditing Standards, we have also issued a report dated June 7, 1995 on our consideration of the Organization's internal control structure and a report dated June 7, 1995 on its compliance with laws and regulations.

Robins & Company

June 7, 1995

PEOPLE HOUSING DEVELOPMENT, INC.
STATEMENT OF FINANCIAL CONDITION
December 31, 1985

ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,454
Land and Improvements	<u>73,663</u>
Total Current Assets	<u>\$ 75,117</u>
LIABILITIES AND FUND BALANCE	
Current Liabilities:	
Accounts Payable	\$ 1,912
Advances Payable	<u>54,617</u>
Total Current Liabilities	<u>56,529</u>
Fund Balance	<u>17,989</u>
Total Liabilities and Fund Balance	<u>\$ 74,518</u>

See accompanying notes to financial statements.

PEOPLE HOUSING DEVELOPMENT, INC.
 STATEMENT OF ACTIVITY AND CHANGES IN FUND BALANCE
 For the Year Ended December 31, 1995

REVENUES	
Community Development Program	\$ 11,510
Miscellaneous Revenue	2,894
Gain on Sales of Land and Improvements	<u>11,745</u>
Total Revenues	<u>26,149</u>
EXPENSES	
Legal and Accounting	5,010
Rent	4,000
Utilities	2,745
Insurance Expense	2,280
Miscellaneous Expense	2,012
Office Expense	1,564
Salaries	1,470
Supplies	514
Tax and Licenses	421
Payroll Tax Expense	318
Advertising	<u>85</u>
Total Expenses	<u>20,389</u>
EXCESS OF REVENUES OVER EXPENSES	5,660
FUND BALANCE AT JANUARY 1, 1995	<u>12,299</u>
FUND BALANCE AT DECEMBER 31, 1995	<u>\$ 17,959</u>

See accompanying notes to financial statements.

PEOPLE HOUSING DEVELOPMENT, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 1968

Cash flows from operating activities:	
Excess of revenues over expenses	\$ 5,689
Adjustments to reconcile excess of revenues over expenses to net cash used by operating activities:	
Gain on sales of land and improvements	(11,745)
Changes in operating assets and liabilities:	
Decrease in accounts receivable	5,681
Decrease in accounts payable	(4,450)
Decrease in advances payable	(93,655)
Decrease in accrued liabilities	<u>(3,829)</u>
Net cash used by operating activities	<u>(109,409)</u>
Cash flows from investing activities:	
Proceeds from sale of land and improvements	134,504
Acquisition of land and improvements	<u>(173,652)</u>
Net cash provided by investing activities	<u>(39,148)</u>
Net decrease in cash and cash equivalents	(77,558)
Cash and cash equivalents at beginning of year	<u>38,422</u>
Cash and cash equivalents at end of year	<u>\$ 1,464</u>

See accompanying notes to financial statements.

PEOPLE HOUSING DEVELOPMENT, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 1995

Note 1 - Organization

PEOPLE Housing Development, Inc. ("PEOPLE Housing") is a not-for-profit organization exempt from income tax under Section 501(c)(2) of the U.S. Internal Revenue Code. PEOPLE Housing was formed in 1988 to provide affordable housing to low to moderate income families. It is incorporated in the State of Louisiana.

Note 2 - Significant Accounting Policies

Cash Equivalents

The Organization considers investments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at December 31, 1995.

Land and Improvements

Land is stated at cost or, if donated, at the approximate fair market value at the date of donation. Improvements are recorded at cost. PEOPLE Housing holds these items for subsequent resale to third parties and such items represent property held for resale. Therefore, no depreciation is recorded for these items.

Schedule of Federal Awards

The accompanying Schedule of Federal Awards reflects the total cumulative amounts received and expended for each grant since the inception of the grant. It does not present transactions that would be included in the financial statements of the Organization presented on the accrual basis of accounting, as contemplated by generally accepted accounting principles.

Note 3 - Land and Improvements

As of December 31, 1995, PEOPLE Housing owned one house located at 1405 Monroe Street, Gretna, Louisiana.

PEOPLE HOUSING DEVELOPMENT, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 1995

Note 3 - Land and Improvements (Continued)

Construction of the Monroe Street house was financed with funds obtained from the Jefferson Parish Community Development Program (see Note 4 below). Under the terms of the contract with the Jefferson Parish Community Development Program, the house must be sold to low to moderate income first time home buyers. It may be sold for no more than \$55,000. The proceeds from the sale of the Monroe Street house are required to be remitted to the Jefferson Parish Community Development Program as repayment of the funds advanced for acquisition and construction. As of December 31, 1995, the cost of the Monroe Street house was \$73,053. Estimated cost to complete the house is \$3,200.

During the year ended December 31, 1995, the Organization sold a house that was donated in 1994. A gain of \$3,561 was recognized on the sale of the house.

Note 4 - Advances Payable - Jefferson Parish Community Development Program

PEOPLE Housing receives funding from the U.S. Department of Housing and Urban Development's HOME Program through the Jefferson Parish, Louisiana Department of Community Development (the Parish). The funding is provided in the form of loans. The loans are utilized to acquire land, construction materials, labor and other improvements and are to be repaid to the Parish upon the sale of housing units. The project is required to be completed within eighteen months and is budgeted not to exceed \$158,511. As of December 31, 1995 \$162,109 of the funds were expended. During the year ended December 31, 1995, proceeds of \$125,937 from the sales of two houses on Monroe Street, were repaid to the Parish. Total gains on the sales amounted to \$8,184.

Note 5 - Revenue - Community Development Program

PEOPLE Housing receives grants from the U.S. Department of Housing and Urban Development's HOME Program through the Jefferson Parish, Louisiana Department of Community Development. The grants are provided to cover operational costs. Operational costs for the Monroe Street Project are budgeted not to exceed \$50,000 for the duration of the project. As of December 31, 1995 the total of such grant revenue amounted to \$49,982. Included in this amount is \$9,019 which was received during the year ended December 31, 1995.

PEOPLE HOUSING DEVELOPMENT, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 1995

Note 5 - Revenue - Community Development Program (Continued)

During 1995, the Parish authorized a second grant totaling \$99,045 to cover operating costs associated with a proposed purchase of property and construction of two houses. The Company received \$2,500 from such grant. The Parish canceled the grant on December 6, 1995.

Note 6 - Miscellaneous Revenue

PEOPLE Housing periodically conducts various fund raising activities and accepts donations. Included in the balance of miscellaneous revenue as of December 31, 1995 is \$2,814 which was received as donations.

Note 7 - Commitments and Contingencies

The Organization's former Executive Director, Verta Mar, and her husband, Charles Mar, have been awarded a judgment against the Organization for back wages owed them. However, no certain dollar amount was awarded by the judgment. Verta Mar claims that the Organization owes her \$18,720 and Charles Mar claims that he is owed \$60,360. The Organization disputes the amount of the claims and the amount of any future settlement cannot be estimated as of the date of this report, therefore, the related liability is not reflected in the December 31, 1995 financial statements. As a result of the judgment, Charles Mar obtained a lien against a property located at 1408 Monroe Street, Gretna, Louisiana upon which Jefferson Parish holds a mortgage.

Note 8 - Related Party Transactions

The Organization employed the Executive Director's husband, Charles Mar, as Project Director during 1995. The Project Director was paid \$8,143 for wages and \$215 for expense reimbursements during the year ended December 31, 1995.

**PEOPLE HOUSING DEVELOPMENT, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 1995**

Note 9 - Going Concern

The Organization receives its funding primarily from grants of the U.S. Department of Housing and Urban Development ("HUD") passed through Jefferson Parish. During 1995, the Organization's operational grant of \$38,045 was canceled and only \$2,500 of funding was received. This caused a significant reduction of the Organization's activities. The Organization has received no subsequent funding and its ability to continue as a going concern is uncertain.

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS
A PROFESSIONAL CORPORATION

2000 N. Gateway Blvd. • Suite 200 • PO Box 8822 • Metairie, LA 70002
Phone (504) 885-1770 • Fax (504) 887-0724

Philip W. Johnson, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
PEOPLE Housing Development, Inc.

We have audited the financial statements of PEOPLE Housing Development, Inc. (a nonprofit organization) as of and for the year ended December 31, 1995, and have issued our report thereon dated June 7, 1996.

We conducted our 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 we 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 PEOPLE Housing Development, Inc. is the responsibility of PEOPLE Housing Development, Inc.'s management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of PEOPLE Housing Development, Inc.'s compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed one instance of noncompliance that is required to be reported herein under Government Auditing Standards. The financial statements and related reports prepared in accordance with generally accepted auditing standards and Government Auditing Standards were filed approximately two months after the statutory due date of June 30, 1996. The delay was the result of additional time required to verify certain information relating to the liability account "Advances Payable" in order for the financial statements to be complete and accurate.

We considered this instance of noncompliance in forming our opinion on whether PEOPLE Housing Development, Inc.'s 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 June 7, 1990 on those financial statements.

We noted certain immaterial instances of noncompliance that we have reported to the management of PEOPLE Housing Development, Inc. in a separate letter dated June 7, 1990.

This report is intended for the information of the Board of Directors, management, the Jefferson Parish, Louisiana - Department of Community Development, the Legislative Auditor of the State of Louisiana, and federal audit agencies. However, this report is a matter of public record, and its distribution is not limited.

Roberts & Company

June 7, 1990

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CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS
A PROFESSIONAL CORPORATION

2820 N. Country Blvd. - Suite 200 - PO Box 822 - Mobile, AL 36688
Phone (334) 661-6161 - Fax (334) 661-6162

May 19, 1995, CR

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

To the Board of Directors of
PEOPLE Housing Development, Inc.

We have audited the financial statements of PEOPLE Housing Development, Inc. (a nonprofit organization) as of and for the year ended December 31, 1995, and have issued our report thereon dated June 7, 1996.

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

The management of PEOPLE Housing Development, Inc. 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.

In planning and performing our audit of the financial statements of PEOPLE Housing Development, Inc. for the year ended December 31, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained

an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

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

The reportable conditions noted are as follows:

1. The Organization lacks sufficient control and review concerning the accounting entries and system output.
2. There are inadequate procedures for appropriately assessing and applying accounting principles.
3. The sales of houses were not recorded on the Organization's general ledger.

A material weakness is a reportable condition in which the design or operation of one or more of the specific 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.

Our 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, we noted the following reportable condition that we consider to be a material weakness as defined above:

- The sales of houses were not recorded on the Organization's general ledger.

We also noted other matters involving the internal control structure and its operation that we have communicated to the management of PEOPLE Housing Development, Inc. in a separate letter dated June 7, 1999.

This report is intended for the information of the Board of Directors, management, the Jefferson Parish, Louisiana - Department of Community Development, the Legislative Auditor of the State of Louisiana, and federal audit agencies. However, this report is a matter of public record, and its distribution is not limited.

Deloitte & Company

June 7, 1993

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS
& PROFESSIONAL CORPORATION

300 N. Canaway Blvd. • Suite 200 • PO. Box 882 • Metairie, LA 70002
Phone (504) 885-6116 • Fax (504) 887-0126

Philip W. Rebow, CPA

INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL AWARDS

To the Board of Directors of
PEOPLE Housing Development, Inc.

We have audited the financial statements of PEOPLE Housing Development, Inc. (a nonprofit organization) as of and for the year ended December 31, 1995, and have issued our report thereon dated June 7, 1996. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

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

Rebowe & Company

June 7, 1996

**PEOPLE HOUSING DEVELOPMENT, INC.
 SCHEDULE OF FEDERAL AWARDS
 For the Year Ended December 31, 1985**

Grantee	Federal CFDA Number	Total Award Amount	Total Amount Received	Total Committed
U.S. Department of Housing and Urban Development's HOME Program	14-209	\$158,511	\$182,599	\$182,189
Jefferson Parish Community Development Program - Administrative Grant for Monroe Street Project	14-209	80,808	49,840	49,860
Jefferson Parish Community Development Program - Administrative Grant	14-209	21,000	2,980	2,980
Total Awards		\$260,319	\$235,419	\$235,029

See accompanying notes to financial statements.

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

200 N. Country Blvd. • Suite 200 • St. Louis, MO 63102 • Meinh, LA 70002
Phone (304) 877-8110 • Fax (304) 877-8112

Philip W. Falson, CPA

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

To the Board of Directors of
PEOPLE Housing Development, Inc.

We have audited the financial statements of PEOPLE Housing Development, Inc. (a nonprofit organization) as of and for the year ended December 31, 1995, and have issued our report thereon dated June 7, 1996.

We have applied procedures to test the compliance of PEOPLE Housing Development, Inc. with the following requirements applicable to its federal award programs, which are identified in the accompanying Schedule of Federal Awards, for the year ended December 31, 1995:

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

Our 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." Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on PEOPLE Housing Development, Inc.'s compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our 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 our attention that caused us to believe that PEOPLE Housing Development, Inc. had not complied, in all material respects, with these requirements. However, the results of our procedures disclosed an immaterial instance of noncompliance with these requirements, which is described in the accompanying Schedule of Findings and Questioned Costs.

This report is intended for the information of the Board of Directors, management, the Jefferson Parish, Louisiana - Department of Community Development, the Legislative Auditor of the State of Louisiana, and federal audit agencies. However, this report is a matter of public record, and its distribution is not limited.

Roberts & Company

June 7, 1985

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS
& PROFESSIONAL CORPORATION

288 N. Canby Blvd. • Suite 200 • PO. Box 680 • Metairie, LA 70002
Phone (504) 887-9141 • Telex (504) 887-9122

Philip W. Rebow, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL AWARDS

To the Board of Directors of
PEOPLE Housing Development, Inc.

We have audited the financial statements of PEOPLE Housing Development, Inc. (a nonprofit organization) as of and for the year ended December 31, 1995, and have issued our report thereon dated June 7, 1996.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit for the year ended December 31, 1995, we considered the internal control structure of PEOPLE Housing Development, Inc. in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements of PEOPLE Housing Development, Inc. and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal award programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated June 7, 1996.

The management of PEOPLE Housing Development, Inc. 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, 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 award 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.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal award programs in the following categories:

- Cash
- Land and improvements
- Expenses for program and supporting services and accounts payable
- Program revenue
- Fund balance
- Governmental federal award programs

GENERAL REQUIREMENTS

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

SPECIFIC REQUIREMENTS

- Types of services allowed or unallowed
- Claims for advances and reimbursements

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

During the year ended December 31, 1995, PEOPLE Housing Development, Inc. had no major federal award programs and expended 100% of its total federal awards under the following nonmajor programs:

- U.S. Department of Housing and Urban Development's HOME Program
- Jefferson Parish Community Development Program - Administrative Grant for Moriss Street Project
- Jefferson Parish Community Development Program - Administrative Grant

We 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 we considered relevant to preventing or detecting internal noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements that are applicable to the aforementioned nonmajor programs. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

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

The reportable conditions noted are as follows:

1. The Organization lacks sufficient control and review concerning the accounting entries and system output.
2. There are inadequate procedures for appropriately assessing and applying accounting principles.
3. The sales of houses were not recorded on the Organization's general ledger.

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 noncompliance with laws and regulations that would be material to a federal award program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure policies and procedures used in administering federal awards 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, we noted the following matter involving the internal control structure and its operation that we consider to be a material weakness as defined above. This condition was considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the compliance of PEOPLE Housing Development, Inc. with

requirements applicable to its nonmajor federal award programs for the year ended December 31, 1995, and this report does not affect our report thereon dated June 7, 1996. We consider the following reportable condition to be a material weakness:

- The sales of houses were not recorded on the Organization's general ledger.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of PEOPLE Housing Development, Inc. in a separate letter dated June 7, 1996.

This report is intended for the information of the Board of Directors, management, the Jefferson Parish, Louisiana - Department of Community Development, the Legislative Auditor of the State of Louisiana and federal audit agencies. However, this report is a matter of public record and its distribution is not limited.

Witness My Hand and Seal

June 7, 1996

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS
& PROFESSIONAL CORPORATION

2008 N. Causeway Blvd. • Suite 200 • Ft. Lauderdale • Florida 33309
Phone (305) 577-8110 • Fax (305) 577-0107

File # 193604, C/P

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL AWARD PROGRAM TRANSACTIONS

To the Board of Directors of
PEOPLE Housing Development, Inc.

We have audited the financial statements of PEOPLE Housing Development, Inc. (a nonprofit organization) as of and for the year ended December 31, 1995 and have issued our report thereon dated June 7, 1996.

In connection with our audit of the financial statements of PEOPLE Housing Development, Inc. and with our consideration of the Organization's internal control structure used to administer federal award programs, as required by Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions," we selected certain transactions applicable to certain nonmajor federal award programs for the year ended December 31, 1995.

As required by OMB Circular A-133, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and claims for advances and reimbursements that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on PEOPLE Housing Development, Inc.'s compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that PEOPLE Housing Development, Inc. had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information of the the Board of Directors, management, the Jefferson Parish, Louisiana - Department of Community Development, the Legislative Auditor of the State of Louisiana, and federal audit agencies. However, this report is a matter of public record, and its distribution is not limited.

Rebowe & Company

June 7, 1996

PEOPLE HOUSING DEVELOPMENT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 1995

<u>FUNDING SOURCE</u>	<u>FINDINGS</u>	<u>QUESTIONED COSTS</u>
U.S. Dept. of Housing and Urban Development CFDA # 14.209	<p><u>FINDING</u></p> <p>PEOPLE Housing Development, Inc. does not have a policy manual that includes policies and procedures implemented to comply with the general requirements of Civil Rights and Drug Free Workplace Acts in accordance with the Single Audit Act of 1994.</p> <p><u>RESPONSE</u></p> <p>The Organization will implement policies to comply with the Civil Rights and Drug Free Workplace Acts.</p>	None