

NEIGHBORHOOD HOUSING SERVICES
OF LAFOURVILLE, LOUISIANA, INC.

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. NATURE OF ACTIVITIES

Neighborhood Housing Services of Lafourville, Louisiana, Inc. (NHS) was incorporated on July 14, 1981 as a non-profit corporation. NHS's primary function is to provide low interest loans to low and moderate income homeowners in the target area. These loans are made from loan programs established through grants from the United States Department of Housing and Urban Development Community Development Block Grant (CDBG) and U.S.H.H. Investment Partnership Program through the City of Lafourville, the main grantor, and grants from the Neighborhood Redevelopment Corporation (NRC).

B. VEHICLE AND SICK LEAVE

The Corporation's policy is to allow full time employees to carry forward 90 days of unused sick leave and 90 unused annual leave. Annual and sick leave is computed on a per pay period basis and is not payable upon separation from the Corporation.

C. PROPERTY AND EQUIPMENT

Fixed assets consist of land, buildings and equipment which are valued at cost, or estimated fair market value in the case of donated property. Depreciable assets are depreciated using the straight-line method over the estimated useful lives of the individual assets as follows:

Building	20 years
Furniture and equipment	5 - 7 years

D. INCOME TAX STATUS

The Organization qualifies as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for Federal income taxes. In addition, the Corporation has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 170(e) of the Code.

872

OFFICIAL
FILE COPY

DO NOT REMOVE

Place necessary
copies from this
copy and PURGE
DATE 6/19/87

**NEIGHBORHOOD HOUSING SERVICES
OF LAFAYETTE, LOUISIANA, INC.**

Financial Report

Years Ended April 30, 1987 and 1986

Under provisions of state law, this report is a public document. A copy of the report has been published to the auditor, 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 28 1987

APR 28 1987

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-3
FINANCIAL STATEMENTS	
Statements of Financial Position	3
STATEMENTS OF ACTIVITIES	4
Statements of Cash Flows	5
Notes to Financial Statements	8-22
INTERNAL CONTROL, COMPLIANCE AND OTHER KEY INFORMATION	
Independent Auditor's Report on Internal Control Structure Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	14-18
Independent Auditor's Report on Internal Control Structure Used in Administering Federal Awards	17-22
Independent Auditor's Report on Compliance Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	21
Independent Auditor's Report on Compliance with the General Requirements Applicable to Federal Award Programs	22-23
Independent Auditor's Report on Compliance with Specific Requirements Applicable to Major Federal Award Programs	24-25
Independent Auditor's Report on Compliance with Specific Requirements Applicable to Nonmajor Federal Award Program Transactions	26
Independent Auditor's Report on Schedule of Federal Awards	27
Schedule of Federal Awards	28
Schedule of Findings and Questioned Costs	29
Followup on Prior Year Findings	30-31
OTHER SUPPLEMENTAL INFORMATION	
Combining Statement of Financial Position	32
Combining Statement of Activities	34



**Darrall, Sikes
& Frederick**

MEMPHIS • JACKSON • LITTLE ROCK

Independent Auditor's Report

to the Board of Directors
Neighborhood Housing Services
of Lafayette, Louisiana, Inc.
Lafayette, Louisiana

We have audited the accompanying statements of financial position of Neighborhood Housing Services of Lafayette, Louisiana, Inc., an unincorporated organization, as of April 30, 1987 and 1986, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of OFFICE OF MANAGEMENT AND BUDGET (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Departmental 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Neighborhood Housing Services of Lafayette, Louisiana, Inc. as of April 30, 1987 and 1986, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The other supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Report Number 701-0

Neighborhood Housing Services
of Lafayette, Louisiana, Inc.
Lafayette, Louisiana

April 30, 1987

Darrall, Sikes & Frederick
Chartered

MEMPHIS, TENNESSEE
LITTLE ROCK, ARKANSAS
JACKSON, MISSISSIPPI

1987

1986

1985

1984

As discussed in Note 3 to the financial statements, in 1997 the Organization changed its method of accounting for contributions and its method of financial reporting and financial statement presentation.

In accordance with Government Auditing Standards, we have also issued a report dated July 31, 1997 on our examination of Neighborhood Housing Services of Lafayette, Louisiana, Inc.'s internal control structure and a report dated July 31, 1997 on Neighborhood Housing Services of Lafayette, Louisiana, Inc.'s compliance with laws and regulations.

Darrald, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana
July 31, 1997

MEMPHIS BOARD OF PUBLIC UTILITIES
OF MEMPHIS, LOUISIANA, INC.

Statement of Financial Position
April 30, 1957 and 1956

ASSETS	1957	1956
Cash		
Unrestricted	\$284,295	\$285,549
Restricted	15,384	15,179
Interest-bearing deposits	-	8,111
Due from the City of Memphis	18,885	12,895
Prepaid expenses	3,957	3,967
Loans receivable, net	\$73,720	\$82,228
Land	3,883	383
Equipment, net of accumulated depreciation	8,880	8,888
Building, net of accumulated depreciation	12,867	18,397
Other receivables	325	8,170
	<u> </u>	<u> </u>
TOTAL ASSETS	\$711,716	\$793,987
	*****	*****
LIABILITIES AND NET ASSETS		
LIABILITIES (PAYABLE FROM CURRENT ASSETS):		
Accounts payable and accrued liabilities	\$ 4,783	\$ 10,288
Other liabilities	42	42
Capital lease payable	4,888	-
	<u> </u>	<u> </u>
	14,513	10,330
LIABILITIES (PAYABLE FROM RESTRICTED ASSETS):		
Tax and insurance payable	7,701	4,248
Loans collections due to others	3,534	7,718
Undistributed loan proceeds	8,448	18,128
	<u> </u>	<u> </u>
	19,683	20,094
Total Liabilities	<u>34,196</u>	<u>30,424</u>
NET ASSETS		
Unrestricted	\$777,520	763,553
	<u> </u>	<u> </u>
TOTAL LIABILITIES AND NET ASSETS	\$711,716	\$793,987
	*****	*****

The accompanying notes are an integral part of this financial statement.

MEMORANDUM FISCAL SERVICES
OF LAKEVIEW, LOUISIANA, INC.

STATEMENT OF ASSETS for
years ended April 30, 1967 and 1966

	1967	1966
UNRESTRICTED NET ASSETS		
Support:		
Passed through federal funds:		
City of Lafayette	\$ 66,000	\$ 51,337
Other	48,000	39,000
Contributions	2,000	2,000
	<u>116,000</u>	<u>92,337</u>
Revenue:		
Interest	21,000	21,000
Gain on sale of purchased indebtedness	-	500
Sales	10,000	9,000
Fundraising	30,000	-
	<u>61,000</u>	<u>30,500</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>177,000</u>	<u>122,837</u>
Total support, revenue and net assets released from restrictions	<u>293,000</u>	<u>215,174</u>
Expenses:		
Personnel (incl. accounting and auditing)	91,400	94,750
Rent (incl. fuel costs)	20,000	20,000
Contracted services	2,400	24,300
Depreciation	1,800	1,000
Insurance	6,400	8,700
Telephone and utilities	6,400	4,000
Office supplies	6,000	4,000
Travel and mileage	4,400	4,000
Miscellaneous	5,100	500
Taxes	1,000	1,700
Interest	7,000	2,400
Fundraising	400	-
Total expenses	<u>168,500</u>	<u>166,350</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>124,500</u>	<u>48,484</u>
UNRESTRICTED NET ASSETS AT 4/30/67	<u>171,500</u>	<u>166,650</u>
Governmental grants		
Net assets retained from restrictions:		
Restrictions satisfied by payments	<u>(170,000)</u>	<u>(168,000)</u>
INCREASE IN RESTRICTED FOR RESTRICTIONS NET ASSETS	<u>-</u>	<u>-</u>
INCREASE IN NET ASSETS	<u>171,500</u>	<u>166,650</u>
NET ASSETS, beginning	<u>170,100</u>	<u>166,650</u>
NET ASSETS, ending	<u>\$ 341,600</u>	<u>\$333,300</u>

The accompanying notes are an integral part of this financial statement.

MEMORANDUM HOLDING SERVICES
OF LAFFRITTE, SOUTHERN, Ltd.

MEMORANDUM OF Cash Flows
Years ended April 30, 2007 and 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Increases in net assets		
adjustments to reconcile to changes in net assets		
to net cash provided by operating activities (2007 only)		
Depreciation	1,000	5,100
Sale of assets	2,140	19,100
Gains on sale of purchased intangibles	-	1700
Revised assets included in support	11,000	-
Decreased interest in operating assets -		
See Note C15 of Laffritle	11,000	11,000
Prepaid insurance	(200)	11,000
Other non-cash items	1,000	300
Decreases in liabilities -		
Accounts payable and accrued liabilities	11,000	14,500
Other liabilities	(11,000)	(11,000)
Net cash provided by operating activities	<u>14,000</u>	<u>28,000</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans received	(200,000)	(49,000)
Loans payments received	70,000	20,000
Sale of loans	-	20,000
Purchase of fixed assets	<u>(10,000)</u>	<u>-</u>
Net cash provided (used) by financing activities	<u>(140,000)</u>	<u>(9,000)</u>
CASH FLOWS FROM FINANCIAL ACTIVITIES		
Proceeds from borrowings under capital lease obligations	1,000	-
Principal payments under capital lease obligations	(1,000)	-
Net cash provided by financing activities	<u>(0,000)</u>	<u>-</u>
Net increase (decrease) in cash	<u>14,000</u>	<u>19,000</u>
CASH, beginning	<u>100,000</u>	<u>100,000</u>
CASH, ending	<u>114,000</u>	<u>119,000</u>
Supplemental Information		
Interest expense	0	0

The accompanying notes are an integral part of this financial statement.

MEMPHIS AREA HOUSING SERVICES
OF LAURENCE, COVINGTON, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

E. Cash and Cash Equivalents

For the purposes of the statement of cash flows, the organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents as April 15, 1997 and 1998.

F. Undisbursed Loan Proceeds

Some of the loans made by MHS are to enable the borrower to perform rehabilitation work in their home. On the date that this type of loan is made by MHS, the applicable loan program transfers the loan proceeds to an escrow cash account in the operating program. A contract is entered into with a contractor for the rehabilitation work, and as work is performed, MHS disburses the funds. The amount of loan proceeds transferred to the operating program and undisbursed at year end is reported as a liability.

G. Restricted Assets

Escrow cash accounts are classified as restricted assets on the statement of financial position because they represent escrow payments by borrowers for property taxes and homeowners insurance, collections of principal and interest payments collected on behalf of others and undisbursed loan proceeds. An offsetting liability is reported for the future disbursement of the collected funds and undisbursed advance payments of taxes and insurance.

H. Loans, Allowance for Loan Losses and Interest Income

Loans are stated at the amount of unpaid principal, reduced by an allowance for loan losses. Interest on loans is calculated and accrued by using the simple interest method on monthly balances of the principal amount outstanding.

The allowance for loan losses is established through a provision for loan losses charged to expenses. Loans are charged against the allowance for loan losses when management believes that the collectibility of the principal is unlikely. The allowance is an amount that management believes will be adequate to absorb possible losses on existing loans that may become uncollectible, based on evaluations of the collectibility of loans and prior loan loss experience. The evaluations take

WIDEORCHARD HOLDING SERVICES
OF LAFAYETTE, LOUISIANA, INC.

Notes to Financial Statements (Continued)

into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, and current economic conditions that may affect the borrowers' ability to pay.

2. Financial Statement Presentation

Effective July 1, 1994, NBS adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." As required by SFAS No. 117, financial statement presentation has been revised to incorporate the required statements as well as specific reporting practices within those statements.

3. Reclassification of Financial Statement Presentation

Certain reclassifications have been made to the 1994 financial statements to conform with 1993 financial statement presentation. Such reclassifications have had no effect on the change in net assets for 1994.

4. Contributions

NBS also elected to adopt SFAS No. 120 "Accounting for Contributions Received and Contributions Made," in 1987. In accordance with SFAS No. 120, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. There was no effect on NBS' change in net assets for 1994 as previously reported, as a result of this election.

5. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NEIGHBORHOOD HOUSING SERVICES
OF LAFAYETTE, LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

4. Programs

To insure observance of limitations and restrictions placed on the use of resources available to the Corporation, the accounts of the Corporation are maintained in four separate programs. This procedure allows resources for various purposes to be classified for accounting and reporting purposes into programs established according to their nature and purpose. Separate accounts are maintained for each program.

The assets, liabilities, and net assets of Neighborhood Housing Services of Lafayette, Louisiana, Inc. are reported in four self-balancing programs as follows:

Operating Program

The Operating program includes unallocated and restricted resources of expendable funds that are available for support of program operations.

Community Development Block Grant Revolving Loan Program

The CDBG Revolving Loan Program represents funds received from the United States Department of Housing and Urban Development for the purpose of improving housing stock in the City of Lafayette by means of low and/or no interest loans to residents for housing rehabilitation.

Neighborhood Improvement Corporation Revolving Loan Program

The NIC Revolving Loan Program is used to account for funds received from the Neighborhood Improvement Corporation for purposes of making loans to homeowners wanting to improve their homes and who cannot be served by local financial institutions and making loans to low and moderate income individuals to facilitate the purchase of affordable housing for occupancy.

WELLSFARGO HOUSING SERVICES
OF LAFAYETTE, LOUISIANA, INC.

NOTE TO FINANCIAL STATEMENTS (Continued)

E.O.M.B. Revolving Loan Program

The E.O.M.B. Revolving Loan Program is used to award for funds received from the United States Department of Housing and Urban Development through the City of Lafayette, Louisiana to provide affordable housing to first-time home buyers in accordance with the provisions and regulations of the Consumer-Societies National Affordable Housing Act of 1990.

(2) Loans Receivable

The loans receivable are comprised of loans to homeowners in a specific geographical area who desired to improve their homes or purchase homes, but were unable to obtain financing at a conventional financial institution and are stated at the principal amount outstanding at the financial statement date. The following summary reflects activities in the loan accounts for the various funds for the year ending April 30, 1997:

	<u>CHHO</u>	<u>HOE</u>	<u>E.O.M.B.</u>
Balance, beginning of year	\$ 267,149	\$220,513	\$487,662
Loans made during the year	110,438	110,293	220,731
Payments received during the year	<u>110,389</u>	<u>37,866</u>	<u>148,255</u>
Balance, end of year	267,198	328,644	595,842
Less: allowance for loan losses	<u>118,333</u>	<u>110,503</u>	<u>228,836</u>
Loans, net	\$ 148,865	\$218,141	\$367,006

Transactions in the allowance for loan losses for the year were as follows:

	<u>CHHO</u>	<u>HOE</u>	<u>E.O.M.B.</u>
Balance, beginning of year	\$18,888	\$ 7,818	\$26,706
Provision charged to operation	<u>178,220</u>	<u>1,182</u>	<u>179,402</u>
Balance, end of year	\$19,338	\$ 8,999	\$28,337

Management is of the opinion that the allowance for loan losses accounts as April 30, 1997 and 1996, is sufficient to cover any possible loan losses.

NEIGHBORHOOD HOUSING SERVICES
OF LAKECHARTE, LOUISIANA, INC.

Notes to Financial Statements (Continued)

13) Loans Serviced for Others

MSB and Neighborhood Housing Services of America, Inc. (NHSAA) have entered into a purchase service contract agreement whereby MSB is paid the principal amount of the loan balance at the time of the purchase and a monthly commission of .00125% of the outstanding balance of the loan for servicing the loan. Should any of these loans become over 90 days delinquent, MSB must repurchase the delinquent loan or replace it with another acceptable loan or loans. The total balance of such loans at April 14, 1997 and 1996 is \$128,413 and \$377,585, respectively.

Since 1991, MSB has sold loans to Neighborhood Housing Services of America, Inc. as follows:

1999	\$ 87,447
1998	120,833
1997	-
1993	128,860
1992	89,149
1991	-
1994	-
1995	88,888
1996	21,480
1997	-
	<u>\$850,276</u>

14) Buildings and Equipment

Building and equipment consist of the following:

	<u>1997</u>	<u>1996</u>
Land	\$ 0,000	\$ 140
building	48,438	48,438
equipment	8,287	8,282
equipment held under capital lease	8,850	-
	<u>65,575</u>	<u>56,860</u>
Less: Accumulated Depreciation	<u>27,800</u>	<u>21,170</u>
	<u>\$37,775</u>	<u>\$35,690</u>
	*****	*****

NEIGHBORHOOD HOUSING SERVICES
OF LAFAYETTE, MOBILE, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

(C) Capital Leases

In October 1978, the organization entered into a capital lease existing in 2008. The asset and related liability under the capital lease are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The asset is depreciated over its useful life. Depreciation of the asset under capital lease is included in depreciation expense for the year ended April 30, 1979.

Minimum future lease payments under this capital lease as of April 30, 1979, are as follows:

Year ended April 30:

	1978	\$2,326
	1979	3,356
	2008	<u>175</u>
Total minimum lease payments		5,857
Less: amount representing interest		<u>(172)</u>
Present value of net minimum lease payments		\$5,685

INTERNAL CONTROL, COMPLIANCE
AND
OTHER KEY INFORMATION



**Darnall, Sikes
& Frederick**

Chartered Accountants and Certified Public Accountants

**Independent Auditor's Report on Internal Control
Structure Based on an Audit of Financial
Statements Performed in Accordance with
Government Auditing Standards**

To the Board of Directors
Neighborhood Banking Services
of Lafayette, Louisiana, Inc.
Lafayette, Louisiana

We have audited the financial statements of Neighborhood Banking Services of Lafayette, Louisiana, Inc. 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, "Audit of Institutions of Higher Education and Other Nonprofit Institutions". These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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, "Audit of Institutions of Higher Education and Other Nonprofit Institutions". These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Neighborhood Banking Services of Lafayette, Louisiana, 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.

(Signature)
(Signature)

In planning and performing our audit of the financial statements of the Neighborhood Housing Services of Lafayette, Louisiana, Inc., for the year ended April 30, 1987, 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 a certain matter involving the internal control structure and its operation that we consider to be a reportable condition 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 in a manner that is consistent with the assertions of management in the financial statements.

Minor Balances and Loan Subsidiary Ledgers

Finding:

In reviewing the loan ledgers, it was noted that discrepancies exist in the accrue amounts for each loan. The total accrue amounts per the subsidiary do not equal the liability on the general ledger and NHB has not been able to verify that the accrue amounts for each loan is adequate. Also, several instances were noted in which the loan subsidiary ledgers did not agree to the general ledger. This is due to corrections being made to the subsidiary for accrue in posting principal and interest that are not being made to the general ledger.

Recommendation:

NHB needs to continue researching the accrue balances on each individual loan ledger and amend the accrue agreements with the clients as determined to be necessary to ensure that the proper amount is being accrued for the payment of taxes and insurance. Also, any time an error is posting to the cash receipts journal in need that affects the loan balances, the correction should also be made on the general ledger. NHB should research the cost of implementing a computerized loan ledger system which would eliminate all errors associated with manual transactions.

Response:

Management has reconciled the subsidiary ledger to the general ledger and will continue to do so on a monthly basis. Also, management has implemented procedures to verify that the accrue agreements are accurate and that the proper amounts are being accrued. Management has obtained approval from the Board of Directors to purchase software which will allow for computerization of the loan ledger system.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structures themselves 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 structures would not necessarily disclose all matters in the internal control structures 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. We believe the reportable conditions described above are material weaknesses.

This report is intended for the information of the Board of Directors and management. However, this report is a matter of public record, and its distribution is not limited.

Dunnell, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana
July 21, 2007

absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are recorded 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, omissions, or instances of noncompliance may nevertheless occur and not be detected. Also, projections 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 programs in the following categories:

ACCOUNTING CONTROLS

Cash
 support, revenue and receivables
 Expenses for goods and services and accounts payable
 Payroll and related liabilities

Administration Controls

<u>General Requirements</u>	<u>Specific Requirements</u>
Political activity Civil rights Cash management Federal financial reports Drug-free workplace act Allowable costs/cost principles Administrative Requirements	Types of services allowed or not allowed Federal financial reports and claims for advances and reimbursements Eligibility

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 April 30, 1995, Neighborhood Housing Services of Lafayette, Louisiana, Inc. expended 89% of its total federal awards under the following major federal award program:

United States Congress
 Neighborhood Reinvestment Corporation

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 have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements that are applicable to the aforementioned major federal award program. Our procedures were done in scope that 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 a certain MATTER involving the internal control structure and its operation that we consider to be a reportable condition 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 WBR's ability to administer federal awards programs in accordance with applicable laws and regulations.

Errors, Balances, and Loan Subsidiary Ledgers

Finding:

In reviewing the loan ledgers, it was noted that discrepancies arise in the accrue amounts for each loan. The total accrue amounts per the subsidiary do not equal the liability on the general ledger and WBR has not been able to verify that the accrue amounts for each loan is adequate. Also, several instances were noted in which the loan subsidiary ledgers did not agree to the general ledger. This is due to corrections being made to the subsidiary for errors in posting principal and interest that are not being made to the general ledger.

Recommendation:

WBR needs to continue researching the accrue balances on each individual loan ledger and send the accrue agreements with the clients as determined to be necessary to ensure that the proper amount is being accrued for the payment of taxes and insurance. Also, any time an error in posting to the cash receipts journal is noted that affects the loan balances, the correction should also be made to the general ledger. WBR should research the cost of implementing a computerized loan ledger system which would eliminate all errors associated with manual transactions.

Response:

Management has reconciled the subsidiary ledger to the general ledger and will continue to do so on a monthly basis. Also, management has implemented procedures to verify that the accrue agreements are accurate and that the proper amounts are being accrued. Management has obtained approval from the Board of Directors to purchase software which will allow for computerization of the loan ledger system.

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.

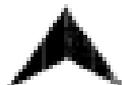
Our consideration of the internal control structure policies and procedures used in administering federal awards would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable conditions described above are material weaknesses.

This report is intended for the information of the Board of Directors and management. However, this report is a matter of public record, and its distribution is not limited.

Darnall, Sikes & Frederick

a corporation of Certified Public Accountants

Lafayette, Louisiana
July 12, 1997



**Darnall, Sikes
& Frederick**

A Corporation of Louisiana, Inc. (successor)

**Independent Auditor's Report on Compliance
with the General Requirements Applicable to
Federal Grants Programs**

To the Board of Directors
Neighborhood Housing Services
of Lafayette, Louisiana, Inc.
Lafayette, Louisiana

We have audited the financial statements of Neighborhood Housing Services of Lafayette, Louisiana, Inc. a nonprofit organization as of and for the year ended April 30, 1987, and have issued our report thereon dated July 28, 1987.

We have applied procedures to test Neighborhood Housing Services of Lafayette, Louisiana, Inc.'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 April 30, 1987:

- 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 Nonprofit Institutions". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on NBS'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 Neighborhood Housing Services of Lafayette, Louisiana, 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.

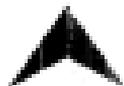
STATEMENT OF WORK	101
GENERAL NOTES	102
DEFINITIONS	103
SCOPE OF WORK	104
ASSUMPTIONS	105
TESTING METHODS	106
TESTING RESULTS	107
CONCLUSIONS	108
APPENDIX A	109
APPENDIX B	110
APPENDIX C	111
APPENDIX D	112
APPENDIX E	113
APPENDIX F	114
APPENDIX G	115
APPENDIX H	116
APPENDIX I	117
APPENDIX J	118
APPENDIX K	119
APPENDIX L	120
APPENDIX M	121
APPENDIX N	122
APPENDIX O	123
APPENDIX P	124
APPENDIX Q	125
APPENDIX R	126
APPENDIX S	127
APPENDIX T	128
APPENDIX U	129
APPENDIX V	130
APPENDIX W	131
APPENDIX X	132
APPENDIX Y	133
APPENDIX Z	134
APPENDIX AA	135
APPENDIX AB	136
APPENDIX AC	137
APPENDIX AD	138
APPENDIX AE	139
APPENDIX AF	140
APPENDIX AG	141
APPENDIX AH	142
APPENDIX AI	143
APPENDIX AJ	144
APPENDIX AK	145
APPENDIX AL	146
APPENDIX AM	147
APPENDIX AN	148
APPENDIX AO	149
APPENDIX AP	150
APPENDIX AQ	151
APPENDIX AR	152
APPENDIX AS	153
APPENDIX AT	154
APPENDIX AU	155
APPENDIX AV	156
APPENDIX AW	157
APPENDIX AX	158
APPENDIX AY	159
APPENDIX AZ	160
APPENDIX BA	161
APPENDIX BB	162
APPENDIX BC	163
APPENDIX BD	164
APPENDIX BE	165
APPENDIX BF	166
APPENDIX BG	167
APPENDIX BH	168
APPENDIX BI	169
APPENDIX BJ	170
APPENDIX BK	171
APPENDIX BL	172
APPENDIX BM	173
APPENDIX BN	174
APPENDIX BO	175
APPENDIX BP	176
APPENDIX BQ	177
APPENDIX BR	178
APPENDIX BS	179
APPENDIX BT	180
APPENDIX BU	181
APPENDIX BV	182
APPENDIX BW	183
APPENDIX BX	184
APPENDIX BY	185
APPENDIX BZ	186
APPENDIX CA	187
APPENDIX CB	188
APPENDIX CC	189
APPENDIX CD	190
APPENDIX CE	191
APPENDIX CF	192
APPENDIX CG	193
APPENDIX CH	194
APPENDIX CI	195
APPENDIX CJ	196
APPENDIX CK	197
APPENDIX CL	198
APPENDIX CM	199
APPENDIX CN	200
APPENDIX CO	201
APPENDIX CP	202
APPENDIX CQ	203
APPENDIX CR	204
APPENDIX CS	205
APPENDIX CT	206
APPENDIX CU	207
APPENDIX CV	208
APPENDIX CW	209
APPENDIX CX	210
APPENDIX CY	211
APPENDIX CZ	212
APPENDIX DA	213
APPENDIX DB	214
APPENDIX DC	215
APPENDIX DD	216
APPENDIX DE	217
APPENDIX DF	218
APPENDIX DG	219
APPENDIX DH	220
APPENDIX DI	221
APPENDIX DJ	222
APPENDIX DK	223
APPENDIX DL	224
APPENDIX DM	225
APPENDIX DN	226
APPENDIX DO	227
APPENDIX DP	228
APPENDIX DQ	229
APPENDIX DR	230
APPENDIX DS	231
APPENDIX DT	232
APPENDIX DU	233
APPENDIX DV	234
APPENDIX DW	235
APPENDIX DX	236
APPENDIX DY	237
APPENDIX DZ	238
APPENDIX EA	239
APPENDIX EB	240
APPENDIX EC	241
APPENDIX ED	242
APPENDIX EE	243
APPENDIX EF	244
APPENDIX EG	245
APPENDIX EH	246
APPENDIX EI	247
APPENDIX EJ	248
APPENDIX EK	249
APPENDIX EL	250
APPENDIX EM	251
APPENDIX EN	252
APPENDIX EO	253
APPENDIX EP	254
APPENDIX EQ	255
APPENDIX ER	256
APPENDIX ES	257
APPENDIX ET	258
APPENDIX EU	259
APPENDIX EV	260
APPENDIX EW	261
APPENDIX EX	262
APPENDIX EY	263
APPENDIX EZ	264
APPENDIX FA	265
APPENDIX FB	266
APPENDIX FC	267
APPENDIX FD	268
APPENDIX FE	269
APPENDIX FF	270
APPENDIX FG	271
APPENDIX FH	272
APPENDIX FI	273
APPENDIX FJ	274
APPENDIX FK	275
APPENDIX FL	276
APPENDIX FM	277
APPENDIX FN	278
APPENDIX FO	279
APPENDIX FP	280
APPENDIX FQ	281
APPENDIX FR	282
APPENDIX FS	283
APPENDIX FT	284
APPENDIX FU	285
APPENDIX FV	286
APPENDIX FW	287
APPENDIX FX	288
APPENDIX FY	289
APPENDIX FZ	290
APPENDIX GA	291
APPENDIX GB	292
APPENDIX GC	293
APPENDIX GD	294
APPENDIX GE	295
APPENDIX GF	296
APPENDIX GG	297
APPENDIX GH	298
APPENDIX GI	299
APPENDIX GJ	300
APPENDIX GK	301
APPENDIX GL	302
APPENDIX GM	303
APPENDIX GN	304
APPENDIX GO	305
APPENDIX GP	306
APPENDIX GQ	307
APPENDIX GR	308
APPENDIX GS	309
APPENDIX GT	310
APPENDIX GU	311
APPENDIX GV	312
APPENDIX GW	313
APPENDIX GX	314
APPENDIX GY	315
APPENDIX GZ	316
APPENDIX HA	317
APPENDIX HB	318
APPENDIX HC	319
APPENDIX HD	320
APPENDIX HE	321
APPENDIX HF	322
APPENDIX HG	323
APPENDIX HH	324
APPENDIX HI	325
APPENDIX HJ	326
APPENDIX HK	327
APPENDIX HL	328
APPENDIX HM	329
APPENDIX HN	330
APPENDIX HO	331
APPENDIX HP	332
APPENDIX HQ	333
APPENDIX HR	334
APPENDIX HS	335
APPENDIX HT	336
APPENDIX HU	337
APPENDIX HV	338
APPENDIX HW	339
APPENDIX HX	340
APPENDIX HY	341
APPENDIX HZ	342
APPENDIX IA	343
APPENDIX IB	344
APPENDIX IC	345
APPENDIX ID	346
APPENDIX IE	347
APPENDIX IF	348
APPENDIX IG	349
APPENDIX IH	350
APPENDIX II	351
APPENDIX IJ	352
APPENDIX IK	353
APPENDIX IL	354
APPENDIX IM	355
APPENDIX IN	356
APPENDIX IO	357
APPENDIX IP	358
APPENDIX IQ	359
APPENDIX IR	360
APPENDIX IS	361
APPENDIX IT	362
APPENDIX IU	363
APPENDIX IV	364
APPENDIX IW	365
APPENDIX IX	366
APPENDIX IY	367
APPENDIX IZ	368
APPENDIX JA	369
APPENDIX JB	370
APPENDIX JC	371
APPENDIX JD	372
APPENDIX JE	373
APPENDIX JF	374
APPENDIX JG	375
APPENDIX JH	376
APPENDIX JI	377
APPENDIX JJ	378
APPENDIX JK	379
APPENDIX JL	380
APPENDIX JM	381
APPENDIX JN	382
APPENDIX JO	383
APPENDIX JP	384
APPENDIX JQ	385
APPENDIX JR	386
APPENDIX JS	387
APPENDIX JT	388
APPENDIX JU	389
APPENDIX JV	390
APPENDIX JW	391
APPENDIX JX	392
APPENDIX JY	393
APPENDIX JZ	394
APPENDIX KA	395
APPENDIX KB	396
APPENDIX KC	397
APPENDIX KD	398
APPENDIX KE	399
APPENDIX KF	400
APPENDIX KG	401
APPENDIX KH	402
APPENDIX KI	403
APPENDIX KJ	404
APPENDIX KK	405
APPENDIX KL	406
APPENDIX KM	407
APPENDIX KN	408
APPENDIX KO	409
APPENDIX KP	410
APPENDIX KQ	411
APPENDIX KR	412
APPENDIX KS	413
APPENDIX KT	414
APPENDIX KU	415
APPENDIX KV	416
APPENDIX KW	417
APPENDIX KX	418
APPENDIX KY	419
APPENDIX KZ	420
APPENDIX LA	421
APPENDIX LB	422
APPENDIX LC	423
APPENDIX LD	424
APPENDIX LE	425
APPENDIX LF	426
APPENDIX LG	427
APPENDIX LH	428
APPENDIX LI	429
APPENDIX LJ	430
APPENDIX LK	431
APPENDIX LL	432
APPENDIX LM	433
APPENDIX LN	434
APPENDIX LO	435
APPENDIX LP	436
APPENDIX LQ	437
APPENDIX LR	438
APPENDIX LS	439
APPENDIX LT	440
APPENDIX LU	441
APPENDIX LV	442
APPENDIX LW	443
APPENDIX LX	444
APPENDIX LY	445
APPENDIX LZ	446
APPENDIX MA	447
APPENDIX MB	448
APPENDIX MC	449
APPENDIX MD	450
APPENDIX ME	451
APPENDIX MF	452
APPENDIX MG	453
APPENDIX MH	454
APPENDIX MI	455
APPENDIX MJ	456
APPENDIX MK	457
APPENDIX ML	458
APPENDIX MM	459
APPENDIX MN	460
APPENDIX MO	461
APPENDIX MP	462
APPENDIX MQ	463
APPENDIX MR	464
APPENDIX MS	465
APPENDIX MT	466
APPENDIX MU	467
APPENDIX MV	468
APPENDIX MW	469
APPENDIX MX	470
APPENDIX MY	471
APPENDIX MZ	472
APPENDIX NA	473
APPENDIX NB	474
APPENDIX NC	475
APPENDIX ND	476
APPENDIX NE	477
APPENDIX NF	478
APPENDIX NG	479
APPENDIX NH	480
APPENDIX NI	481
APPENDIX NJ	482
APPENDIX NK	483
APPENDIX NL	484
APPENDIX NM	485
APPENDIX NN	486
APPENDIX NO	487
APPENDIX NP	488
APPENDIX NQ	489
APPENDIX NR	490
APPENDIX NS	491
APPENDIX NT	492
APPENDIX NU	493
APPENDIX NV	494
APPENDIX NW	495
APPENDIX NX	496
APPENDIX NY	497
APPENDIX NZ	498
APPENDIX OA	499
APPENDIX OB	500
APPENDIX OC	501
APPENDIX OD	502
APPENDIX OE	503
APPENDIX OF	504
APPENDIX OG	505
APPENDIX OH	506
APPENDIX OI	507
APPENDIX OJ	508
APPENDIX OK	509
APPENDIX OL	510
APPENDIX OM	511
APPENDIX ON	512
APPENDIX OO	513
APPENDIX OP	514
APPENDIX OQ	515
APPENDIX OR	516
APPENDIX OS	517
APPENDIX OT	518
APPENDIX OU	519
APPENDIX OV	520
APPENDIX OW	521
APPENDIX OX	522
APPENDIX OY	523
APPENDIX OZ	524
APPENDIX PA	525
APPENDIX PB	526
APPENDIX PC	527
APPENDIX PD	528
APPENDIX PE	529
APPENDIX PF	530
APPENDIX PG	531
APPENDIX PH	532
APPENDIX PI	533
APPENDIX PJ	534
APPENDIX PK	535
APPENDIX PL	536
APPENDIX PM	537
APPENDIX PN	538
APPENDIX PO	539
APPENDIX PP	540
APPENDIX PQ	541
APPENDIX PR	542
APPENDIX PS	543
APPENDIX PT	544
APPENDIX PU	545
APPENDIX PV	546
APPENDIX PW	547
APPENDIX PX	548
APPENDIX PY	549
APPENDIX PZ	550
APPENDIX QA	551
APPENDIX QB	552
APPENDIX QC	553
APPENDIX QD	554
APPENDIX QE	555
APPENDIX QF	556
APPENDIX QG	557
APPENDIX QH	558
APPENDIX QI	559
APPENDIX QJ	560
APPENDIX QK	561
APPENDIX QL	562
APPENDIX QM	563
APPENDIX QN	564
APPENDIX QO	565
APPENDIX QP	566
APPENDIX QQ	567
APPENDIX QR	568
APPENDIX QS	569
APPENDIX QT	570
APPENDIX QU	571
APPENDIX QV	572
APPENDIX QW	573
APPENDIX QX	574
APPENDIX QY	575
APPENDIX QZ	576
APPENDIX RA	577
APPENDIX RB	578
APPENDIX RC	579
APPENDIX RD	580
APPENDIX RE	581
APPENDIX RF	582
APPENDIX RG	583
APPENDIX RH	584
APPENDIX RI	585
APPENDIX RJ	586
APPENDIX RK	587
APPENDIX RL	588
APPENDIX RM	589
APPENDIX RN	590
APPENDIX RO	591
APPENDIX RP	592
APPENDIX RQ	593
APPENDIX RR	594
APPENDIX RS	595
APPENDIX RT	596
APPENDIX RU	597
APPENDIX RV	598
APPENDIX RW	599
APPENDIX RX	600
APPENDIX RY	601
APPENDIX RZ	602
APPENDIX SA	603
APPENDIX SB	604
APPENDIX SC	605
APPENDIX SD	606
APPENDIX SE	607
APPENDIX SF	608
APPENDIX SG	609
APPENDIX SH	610
APPENDIX SI	611
APPENDIX SJ	612
APPENDIX SK	613
APPENDIX SL	614
APPENDIX SM	615
APPENDIX SN	616
APPENDIX SO	617
APPENDIX SP	618
APPENDIX SQ	619
APPENDIX SR	620
APPENDIX SS	621
APPENDIX ST	622
APPENDIX SU	

THIS report is intended for the information of the Board of Directors and management. However, this report is a matter of public concern, and its distribution is not limited.

Darrall, Sikes & Frederick

A Corporation of Certified Public Accountants

MONROE, LOUISIANA
July 11, 1997



**Darnall, Sikes
& Frederick**

134 Independent Avenue, Suite 200, Lafayette, Louisiana 70501

**Independent Auditor's Report on Compliance
with Specific Requirements Applicable to
Major Federal Award Programs**

To the Board of Directors
Neighborhood Housing Services
of Lafayette, Louisiana, Inc.
Lafayette, Louisiana

We have audited the financial statements of Neighborhood Housing Services of Lafayette, Louisiana, Inc. (a nonprofit organization) as of and for the year ended April 30, 1997, and have issued our report thereon dated July 31, 1997.

We have also audited the compliance of Neighborhood Housing Services of Lafayette, Louisiana, Inc. with the requirements governing types of services allowed or unallowed; eligibility; reporting; and claims for advances and reimbursements that are applicable to its major federal award program, which is identified in the accompanying Schedule of Federal Awards, for the year ended April 30, 1997. The management of Neighborhood Housing Services of Lafayette, Louisiana, Inc. is responsible for the compliance with these requirements. Our responsibility is to express an opinion on compliance with these requirements based on our audit.

We conducted our audit of compliance with these requirements in accordance with generally accepted auditing standards: Governmental Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, "Standards of Restrictions 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 material noncompliance with the requirements referred to in the second paragraph occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with these requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures did not disclose any immaterial instances of noncompliance with the requirements referred to in the second paragraph.

In our opinion, Neighborhood Housing Services of Lafayette, Louisiana, Inc. complied, in all material respects, with the specific requirements referred to in the second paragraph that are applicable to its major federal award program for the year ended April 30, 1997.

Auditor

Auditor

This report is intended for the information of the Board of Directors and management. However, this report is a matter of public record, and its distribution is not limited.

Darnall, Hicks & Frederick

a corporation of certified public accountants

Lafayette, Louisiana
July 13, 1997



**Darnall, Sikes
& Frederick**

MEMPHIS, TENNESSEE 38102

**Independent Auditor's Report on Compliance
with Specific Requirements Applicable to
Nonmajor Federal Award Program Transactions**

To the Board of Directors
Neighborhood Housing Services
of Lafayette, Louisiana, Inc.
Lafayette, Louisiana

We have audited the financial statements of Neighborhood Housing Services of Lafayette, Louisiana, Inc. (a nonprofit organization) as of and for the year ended April 30, 1987, and have issued our report thereon dated July 31, 1987.

In connection with our audit of the financial statements of Neighborhood Housing Services of Lafayette, Louisiana, Inc. and with our consideration of OMB's detailed control structure used to administer federal award programs, as required by Office of Management and Budget (OMB) Circular A-133, "Standards of Financial Management and Other Nonprofit Institutions", we selected certain transactions applicable to certain nonmajor federal award programs for the year ended April 30, 1987. As required by OMB Circular A-133, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or disallowed, eligibility, federal financial reports, 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 OMB'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 Neighborhood Housing Services of Lafayette, Louisiana, Inc. had not complied, in all material respects, with these requirements. Also, the results of our procedures did not disclose any material instances of noncompliance with these requirements.

This report is intended for the information of the Board of Directors and management. However, this report is a matter of public record, and its distribution is not limited.

Darnall, Sikes, & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana
July 31, 1987

cc: 2000
cc: 2000



**Darnall, Sikes
& Frederick**

2215 Maplewood, Metairie, Louisiana 70002

**Independent Auditor's Report on
Schedule of Federal Awards**

To the Board of Directors
Neighborhood Housing Services
of Lafayette, Louisiana, Inc.
Lafayette, Louisiana

We have audited the financial statements of Neighborhood Housing Services of Lafayette, Louisiana, Inc. (a nonprofit organization) as of and for the year ended April 30, 1987, and have issued our report thereon dated July 21, 1987. These financial statements are the responsibility of NHP's management. Our responsibility is to express an opinion on these basic 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 OFFICE OF MANAGEMENT AND BUDGET (OMB) 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 assessing, 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 conducted for the purpose of forming an opinion on the financial statements of Neighborhood Housing Services of Lafayette, Louisiana, 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 financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Darnall, Sikes & Frederick
A Corporation of Certified Public Accountants

Lafayette, Louisiana
July 21, 1987

NEIGHBORHOOD HOUSING SERVICES
OF LAFAYETTE, LOUISIANA, INC.

Schedule of Federal Awards
Year Ended April 30, 1981

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Revenue Accomplished</u>	<u>Reimbursements/ Expencitures</u>
Federal Assistance Programs			
United States Department of Housing and Urban Development:			
Passed through the City of Lafayette -			
Community Development Block Grant - Entitlement	24.318	\$ 66,554	\$ 66,554
HHS Development Partnership Program			
	N/A	25,000	25,000
United States Congress:			
Passed through Neighborhood Reinvestment Corporation*			
	N/A	148,000	148,000
		\$249,554	\$249,554
		*****	*****

* Denotes a major program

NEIGHBORHOOD HOUSING SERVICES
OF LAFAYETTE, LOUISIANA, INC.

Schedule of Findings and Questioned Costs
Year Ended April 30, 1997

There were no findings and questioned costs for the year ended April 30, 1997, except as noted on page 10.

MISSISSIPPI HOUSING AGENCY
OF LAFAYETTE, LOUISIANA, INC.

Follow-up on Prior Year Findings
Year Ended April 30, 1987

The following are findings included in the report on internal controls for the year ended April 30, 1986:

Interfund Loans

Finding:

During 1986, numerous errors were made in depositing loan payments and monies collected at loan closings. Also, HSA did not always transfer monies to the construction escrow accounts before disbursing monies to the construction escrow account for rebals. These problems resulted in the large interfund loan balances at the end of the year.

Recommendation:

Interfund loans should be repaid to the respective loan funds.

Follow-up:

The interfund loan balances were reinstated to the respective fund during the current year, and no new interfund loans were created during the current year.

Loans Paid in 1986

As noted in the two previous sections, loan balances reported by HSA do not agree to HSA's records.

Recommendation:

HSA should implement procedures to ensure that the individual loan balances as reported by HSA equal the loan ledgers maintained by HSA.

Follow-up:

HSA has since put measures in place to ensure that the records agree. They completed the reconciliation of their records to those of HSA and adjusted the loan ledgers accordingly, and no exceptions were noted during the current fiscal year-end audit.

Error Balances

Finding:

In reviewing the loan ledgers, it was noted that discrepancies exist in the escrow amounts for each loan. The total escrow amounts per the subsidiary do not equal the liability on the general ledger and HSA has not been able to verify that the escrow amounts for each loan is adequate.

Recommendation:

BBB needs to continue reconciling the borrow balances on each individual loan ledger and amend the borrow agreements with the clients as determined to be necessary to ensure that the proper amount is being accounted for the payment of taxes and insurance.

Follow-up:

BBB has almost completed the verification of the borrow deposits and will complete the remaining during the next fiscal year. The improvement was noted during the current audit, however, since the verifications are not complete, the finding will be noted again in the current year.

Loan Subsidiary Ledgers

Finding:

It was noted that the loan subsidiary ledger does not agree to the general ledger. This is due to corrections being made to the subsidiary for errors in posting principle and interest that are not being made to the general ledger.

Recommendation:

Any time an error in posting to the cash receipts journal is noted that affects the loan balances, the correction being made on the loan ledger should be made to the general ledger also.

Follow-up:

During the current audit, it was noted that the client implemented procedures to verify the principal and interest breakdowns posted to the cash receipts journal are accurate, therefore, reducing the amount of discrepancies between the subsidiary ledgers and the general ledger. During the current audit, a drastic improvement was noted, however, a few discrepancies were still noted, therefore, the finding will be noted again in the current year.

Loan File Documentation

Finding:

While reviewing the concurrent loan files, it was noted that several of the files lacked the proper documentation as set forth in the loan policy.

Recommendation:

The client should implement procedures to verify that all necessary documents are in the loan files prior to closing the loan. Also, management should continue efforts to obtain the proper documentation in all the loan files.

Follow-up:

During the current fiscal year-end audit, all loan files examined contained the required documentation.

OTHER SUPPLEMENTAL INFORMATION

MEMBERSHIP SERVICE SERVICES OF LAWNVIEW, LOUISIANA, INC.

Condensed Statement of Financial Position
APRIL 30, 1997

	April 30 1996	1995 April 30	1994 April 30	1993 April 30	Adjustments of Interfund Balances	Total
ASSETS						
Cash						
Investment	\$ 90,000	\$ 88,000	\$ 86,000	\$ 85,000	\$ -	\$84,000
Reserve fund	25,000	-	-	-	-	25,000
Due from the City of Lafayette	1,000	-	-	-	-	1,000
Prepaid expenses	1,000	-	-	-	-	1,000
Other receivables, net	-	284,000	171,717	170,000	-	475,717
Land	1,000	-	-	-	-	1,000
Debitmemos, net of accumulated amortization	0,000	-	-	-	-	0,000
Building, net of accumulated depreciation	-	20,000	-	-	-	20,000
Other receivables	100	-	-	-	-	100
Due from other funds (overstated)	1,000	10,000	1,000	1,000	(10,000)	-
TOTAL ASSETS	\$100,000	\$507,000	\$278,000	\$261,000	\$0,000	\$811,716
LIABILITIES AND NET ASSETS						
LIABILITIES (Partially from category ASSETS)						
Accounts payable and accrued liabilities	\$ 0,000	\$ -	\$ -	\$ -	\$ -	\$ 0,000
Due to other funds	10,000	20	0,000	0,000	(10,000)	0,000
Other liabilities	-	20	-	-	-	20
Capital lease payable	0,000	-	-	-	-	0,000
	<u>10,000</u>	<u>40</u>	<u>0,000</u>	<u>0,000</u>	<u>(10,000)</u>	<u>0,000</u>
LIABILITIES DEDUCTIBLE FROM RESTRICTED ASSETS						
Tax and insurance payable	7,000	-	-	-	-	7,000
Loan obligations due to others	2,000	-	-	-	-	2,000
Unfulfilled loan proceeds	0,000	-	-	-	-	0,000
	<u>9,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,000</u>
Total Liabilities	\$9,000	\$60	\$0,000	\$0	\$(10,000)	\$11,000
NET ASSETS						
Investment	90,000	88,000	86,000	85,000	-	870,000
TOTAL LIABILITIES AND NET ASSETS	\$100,000	\$507,000	\$278,000	\$261,000	\$0,000	\$811,716

Condensed Statement of Activities
April 30, 1997

	Opening Bal.	2000 Revolving Term. Bal.	2001 Revolving Term. Bal.	2002 Revolving Term. Bal.	Total
UNRESTRICTED NET ASSETS					
Assets					
Receiv. through Federal funds					
CFR of LAKEVIEW	\$ 64,000	\$ -	\$ -	\$ -	\$ 64,000
Other	68,000	-	-	-	68,000
Contributions	10,000	-	-	-	10,000
	<u>142,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,000</u>
Liabilities					
Interest	-	14,000	7,000	9,000	30,000
Other	4,000	2,700	2,400	900	10,000
Fundraising	29,000	-	-	-	29,000
	<u>33,000</u>	<u>16,700</u>	<u>9,400</u>	<u>9,900</u>	<u>69,000</u>
Net assets released from restrictions	-	-	66,600	26,000	192,600
Total support, revenue and net assets released from restrictions	142,000	16,700	76,000	36,900	371,600
Expenses					
Personnel, cont.	101,400	-	-	-	101,400
Accounting and auditing	10,000	-	-	-	10,000
Bad debts	-	1,000	2,000	700	3,700
Contractual services	1,000	-	-	-	1,000
Construction	1,700	1,000	-	-	2,700
Insurance	4,000	-	-	-	4,000
Telephone and utilities	4,000	-	-	-	4,000
Office supplies	2,000	-	-	-	2,000
Taxes and salaries	4,000	-	-	-	4,000
Travel	2,000	-	-	-	2,000
Supplies	1,000	-	-	-	1,000
Printing	800	-	-	-	800
Advertising	700	-	-	-	700
Other	1,000	-	10	10	1,020
	<u>137,800</u>	<u>2,000</u>	<u>2,010</u>	<u>10</u>	<u>141,820</u>
Increase in unrestricted net assets	500	14,700	63,990	27,000	106,590
TEMPORARILY RESTRICTED NET ASSETS					
Restrictions, grants	-	-	66,000	26,000	192,000
Net assets released from restrictions	-	-	180,000	120,000	300,000
Decrease in temporarily restricted net assets	-	-	-	-	-
INCREASE IN NET ASSETS BEYOND RESTRICTED CATEGORIES	500	14,700	63,990	27,000	106,590
RESTRICTIONS					
Transfers from other funds	10,700	-	-	-	10,700
Transfers to other funds	-	11,000	17,000	21,000	48,700
Total transferred transfers	<u>10,700</u>	<u>11,000</u>	<u>17,000</u>	<u>21,000</u>	<u>59,700</u>
INCREASE IN NET ASSETS	11,200	10,000	79,990	48,000	149,190
NET ASSETS, beginning	142,000	267,100	346,900	373,900	1,130,000
NET ASSETS, ending	\$ 153,200	\$387,100	\$426,890	\$421,900	\$ 1,389,090