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**LOUISIANA HOUSING AND
COMMUNITY DEVELOPMENT CORPORATION**

**FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

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

Release Date 1-19-00

**LOUISIANA HOUSING AND COMMUNITY DEVELOPMENT
CORPORATION**

YEAR ENDED JUNE 30, 1999

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**LOUISIANA HOUSING AND COMMUNITY
DEVELOPMENT CORPORATION**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

BOBBIE L. HOWARD
CERTIFIED PUBLIC ACCOUNTANT
921 CHURCH STREET
HOUMA, LA 70360
TELEPHONE (504) 851-6838
FAX (504) 851-6972

December 10, 1999

**The Board of Directors
Louisiana Housing and Community Development
Corporation (LHCDC)
New Orleans, La.**

INDEPENDENT AUDITORS REPORT

We have audited the accompanying statement of financial position of Louisiana Housing and Community Development Corporation (a nonprofit organization) as of June 30, 1999, and the related statements of activities and cash flows for the year then ended. These financial 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amount 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 above present fairly, in all material respect, the financial position of LHCDC as of June 30, 1999, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Bobbie L. Howard
Certified Public Accountant

Louisiana Housing & Community Development Corporation
Statement of Financial Position
June 30, 1999

Assets

Cash	\$1,383,814.46
Certificates of Deposits	1,321,483.76
Money Market Funds	4,409.22
Account Receivable	7,100.00
Other Recivable	300,000.00
Property Held for Investment	693,301.69
Office Fixtures & Equipment, Net	20,414.76
Organizational Cost, Net	33,573.78
Restricted Cash For Investments	190,000.00
Security Deposit	1,550.00
Deposit	<u>1,500.00</u>

Total Assets	\$ 3,957,147.67
	<u>=====</u>

Liabilities and Net Assets

Liabilities

Accounts Payable	\$ 25,632.77
Note Payable	<u>176,070.03</u>

Total Liabilities	\$ 201,702.80
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Net Assets

Unrestricted	\$ 3,565,444.87
Restricted	<u>190,000.00</u>
	<u>\$3,755,444.87</u>

Total Liabilities And Net Assets	\$3,957,147.67
	<u>=====</u>

See accompanying notes to financial statements.

Louisiana Housing & Community Development Corporation
Statement of Activities
Year Ended June 30, 1999

Unrestricted Net Assets

Revenues, Gains, And Other Supports

Rental Income	\$ 6,810.00
Investment Income	115,777.19
Amortization Discount on T-Bill	12,273.60
Other Revenues	<u>13,679.46</u>

Total Unrestricted Revenues **\$ 148,540.25**

Expenses

Supporting Services

Administrative and General **\$ 288,863.59**

Decrease in Net Assets **(140,323.34)**

Net Assets At Beginning Of Year 3,855,768.21

Net Assets At End Of Year **\$ 3,755,444.87**

See accompanying notes to financial statements.

Louisiana Housing & Community Development Corporation
Statement Of Cash Flows
Year Ended June 30, 1999

Cash Flows From Operating Activities:

Decrease in net assets	(\$ 140,323.34)
Adjustments to reconcile decrease to net cash provided by operating activities.	
Depreciation	2,422.54
Amortization	10,036.44
Changes in operating assets and liabilities:	
Increase in accounts receivable	(7,100.00)
Increase in other receivable	(300,000.00)
Increase in other assets	(190,500.00)
Increase in accounts payable	<u>16,049.93</u>
Net Cash Provided (Used) By Operating Activities	(\$609,414.43)

Cash Flows From Investing Activities:

Purchase of property	(693,301.69)
Purchase of equipment	<u>(14,747.04)</u>
Net Cash Used In Investing Activities	(708,048.73)

Cash Flows From Financing Activities:

Note Payable	176,070.03
Net Cash Provided By Financing Activities	176,070.03
Net Decrease In Cash	(1,141,393.13)
Cash At Beginning Of Year	3,851,100.57
Cash At End Of Year	<u><u>\$2,709,707.44</u></u>

See accompanying notes to financial statements.

Louisiana Housing & Community Development Corporation
Notes To Financial Statements
Year Ended June 30, 1999

Note 1: Activities And Summary Of Significant Accounting Policies

Nature of Activities

The Louisiana Housing and Community Development Corporation and the Louisiana Department of Economic Development in accordance with Article VII, Section 14 of the Constitution of the State of Louisiana enter into a Cooperative Endeavor Agreement to service the public for the purpose of providing funding for housing and community development initiative in the amount of \$4,000,000.00.

The Louisiana Housing and Community Development Corporation, a nonprofit corporation domiciled in the State of Louisiana and tax exempt under section (501-c-3) of the internal revenue code. Will provide the expertise to implement, manage and oversee lending programs and other initiatives designed to aid and benefit disadvantaged citizens of the State of Louisiana.

Basis of Accounting

The financial statements of the corporation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivable, payables, and other liabilities.

Basis of Presentation

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

Louisiana Housing & Community Development Corporation
Notes to Financial Statements
June 30, 1999

Note 1: Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

Cash and Cash Equivalents

Cash and cash equivalents includes all money in banks, certificates of deposits and money market funds.

Investments

Investments are composed of investing in real property carried at cost.

Office Fixtures & Equipment

Office fixtures and equipment are capitalized at cost. Office fixtures and equipment are being depreciated over estimated useful lives of five years using a *straight-line method*.

Organization Cost

Organization cost represent legal and consultant fees valued at cost, amortized over a five year period.

Louisiana Housing & Community Development Corporation
Notes to Financial Statements
June 30, 1999

NOTE 2: Investments

Property held for investments as of June 30, 1999, are summarized as follows:

<u>Description</u>	<u>Cost</u>
Reserve Efficiency Apartments (10 units & a double) Reserve, Louisiana	\$213,943.20
Carrington Court (17 Lots) & Homes Gonzales, Louisiana	479,358.49
Total	\$693,301.69 =====

Note 3: Office Fixtures and Equipment

The following is a summary of office fixtures and equipment as of June 30, 1999.

Beginning balance 6/30/98	\$ 8,989.18
Purchases: Copier & Fax Machine	4,252.26
Office Furniture	<u>10,494.78</u>
	\$ 23,635.22
Less accumulated depreciation	<u>(3,321.46)</u>
Total	\$ 20,414.76 =====

Louisiana Housing & Community Development Corporation
Notes To Financial Statements
Year Ended June 30, 1999

Note 4: Organization Cost

The following is a summary of organization cost as of June 30, 1999

Amount	\$50,181.80
Less amortization	<u>(16,608.02)</u>
Total	<u><u>\$33,573.78</u></u>

Note 5: Other Receivable

Other receivable in the amount of \$300,000.00 represent funds that pass through the corporation and will be reimbursed by the Department of Social Services.

Note 6: Restricted Net Assets

Cash restricted in St. James Bank in the amount of \$190,000.00 for the purchase of property.

Louisiana Housing & Community Development Corporation
Notes to Financial Statements
June 30, 1999

Note 7: Notes Payable

The note is payable to St. James Bank for advance lines of credit.

Note 8: Operating Lease Commitment

As of February 15, 1998 the corporation entered into a three year non-cancelable operating lease for its office space requiring rent of \$18,600.00 annually.

BOBBIE L. HOWARD
CERTIFIED PUBLIC ACCOUNTANT
921 CHURCH STREET
HOUMA, LA 70360
TELEPHONE (504) 851-6838
FAX (504) 851-6972

December 10, 1999

The Board of Directors
Louisiana Housing and Community Development Corporation
New Orleans, Louisiana

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

We have audited the financial statements of Louisiana Housing and Community Development Corporation (a nonprofit organization) as of and for the year end June 30, 1999, and have issued our report thereon date December 10, 1999. We conducted our audit in accordance with generally auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Louisiana Housing and Community Development Corporation financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

Internal Control Over Financial Reporting

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

The Board of Directors
Louisiana Housing and Community Development Corporation
Page 2
December 10, 1999

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amount that would be material in relation to the financial statements being audit may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management, and federal awarding agencies, Legislative Auditors and pass-through entities. However, this report is a matter of public record and its distribution is not limited

Bobbie L. Howard
Certified Public Accountant

**Louisiana Housing & Community
Development Corporation**

Schedule of Finding and Questioned Costs
For the year Ended June 30, 1999

None:

**Louisiana Housing & Community
Development Corporation**

**Schedule of Prior Year Finding And Questioned Cost
For the year Ended June 30, 1999**

None: