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**COMMUNITY LIVING CENTERS, INC.  
HUD PROJECT NO. 064-EH036-WHC-NP-L8**

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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 10-21-98

**FINANCIAL AND COMPLIANCE AUDIT**

**TOGETHER WITH**

**INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED JUNE 30, 1998**

**Bruno**

CERTIFIED PUBLIC ACCOUNTANTS

**& Tervalon**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
**Community Living Centers, Inc.**

Director  
HUD Field Office  
New Orleans, LA

We have audited the accompanying statement of financial position of **Community Living Centers, Inc. (a nonprofit corporation) (CLC, Inc.)**-HUD Project No. 064-EH036-WHC-NP-L8 as of June 30, 1998 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of **CLC, Inc.'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 and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 **Community Living Centers, Inc.** - HUD Project No. 064-EH036-WHC-NP-L8 as of June 30, 1998, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Directors of  
**Community Living Centers, Inc.**  
Page 2

Director  
HUD Field Office  
New Orleans, LA

In accordance with Government Auditing Standards, we have also issued our report dated August 14, 1998 on our consideration of **CLC, Inc.**'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

*Bruno & Tervalon*  
**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

August 14, 1998

**COMMUNITY LIVING CENTERS, INC.**  
 HUD PROJECT NO. 064-EH036-WHC-NP-L8  
 STATEMENT OF FINANCIAL POSITION  
 JUNE 30, 1998

---

**ASSETS**

Account Number

<u>Current assets</u>		
1120	Cash	\$ 12,752
1140	Accounts receivable	5,313
1190	Other assets	242
1200	Prepaid insurance	377
1322	Tax and insurance escrow	<u>2,136</u>
	Total current assets	<u>20,820</u>
<u>Restricted deposits</u>		
1191	Tenant security deposits	1,345
1300	Replacement reserves (NOTE 3)	<u>4,213</u>
	Total restricted deposits	<u>5,558</u>
<u>Property</u>		
1410	Land (NOTES 2 and 5)	52,037
1420	Building and improvements (NOTES 2 and 5)	<u>524,626</u>
		576,663
4120	Accumulated depreciation	<u>(156,339)</u>
	Total property, net	<u>420,324</u>
	Total assets	<u>\$ 446,702</u>

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

**COMMUNITY LIVING CENTERS, INC.**  
 HUD PROJECT NO. 064-EH036-WHC-NP-L8  
 STATEMENT OF FINANCIAL POSITION,  
 (CONTINUED)  
 JUNE 30, 1998

**LIABILITIES AND NET ASSETS (DEFICIT)**

<u>Account Number</u>		
	<u>Current liabilities</u>	
2110	Accounts payable	\$ 2,130
2111	Accounts payable-VOAGNO (NOTE 4)	115,792
2120	Accrued wages	856
2130	Accrued interest-HUD	3,073
2190	Management fee payable (NOTE 4)	26,456
2300	Note payable-VOAGNO	
	current (NOTES 4 AND 5)	<u>10,218</u>
	Total current liabilities	<u>158,525</u>
	<u>Deposit liabilities</u>	
2191	Tenant security deposits	<u>1,345</u>
	<u>Long-term liabilities</u>	
2300	Note payable-VOAGNO (NOTE 4)	25,545
2320	Mortgage payable-HUD (NOTE 5)	<u>427,299</u>
	Total long-term liabilities	<u>452,844</u>
	Total liabilities	612,714
	<u>Contingencies (NOTE 9)</u>	
	<u>Net assets (deficit)</u>	
3000	Net assets (deficit) (NOTE 6)	<u>(166,012)</u>
	Total liabilities and net assets (deficit)	\$ <u>446,702</u>

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

**COMMUNITY LIVING CENTERS, INC.**

HUD PROJECT NO. 064-EH036-WHC-NP-L8

**STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 1998

---

Revenues:

Rental income (NOTES 4 and 7)	\$ 122,266
Interest	<u>291</u>
Total revenues	<u>122,557</u>

Expenses:

Project services:	
Administrative (NOTE 4)	43,510
Utilities	15,857
Operating and maintenance	7,764
Taxes and insurance (NOTE 4)	4,941
Interest	37,423
Depreciation	<u>12,941</u>
Total expenses	<u>122,436</u>

Change in net assets	121
Net assets (deficit), beginning of year	<u>(166,133)</u>
Net assets (deficit), end of year	<u>\$(166,012)</u>

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



**COMMUNITY LIVING CENTERS, INC.**

HUD PROJECT NO. 064-EH036-WHC-NP-L8

**STATEMENT OF CASH FLOWS**

For the Year Ended June 30, 1998

---

**Cash Flows From Operating Activities:**

Change in net assets	\$ 121
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	12,941
Decrease (increase) in:	
Prepaid expenses	352
Accounts receivable	(5,313)
Increase (decrease) in:	
Accounts payable	1,577
Wages payable	(156)
Interest payable	(27)
Accounts payable-VOAGNO	<u>29,778</u>
Net cash provided by operating activities	<u>39,273</u>

**Cash Flows from Investing Activities:**

Net increase in reserve for replacements	(1,873)
Purchase of building improvements	<u>(26,992)</u>
Net cash used in investing activities	<u>(28,865)</u>

**Cash Flows From Financing Activities:**

Principal payment of note payable to VOAGNO	<u>(5,109)</u>
Net cash used in financing activities	<u>(5,109)</u>

Net increase in cash 5,299

Cash, beginning of year 7,453

Cash, end of year \$ 12,752

**Supplemental Disclosure for Cash Flow Purposes:**

Interest paid \$ 37,450

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

# COMMUNITY LIVING CENTERS, INC.

HUD PROJECT NO. 064-EH036-WHC-NP-L8

NOTES TO THE FINANCIAL STATEMENTS

---

## NOTE 1 - BACKGROUND AND GENERAL DATA:

### Nature of Organization and Operations

Community Living Centers, Inc. (CLC, Inc.) is a non-profit corporation organized under the laws of the State of Louisiana. CLC, Inc. is sponsored by the Volunteers of America, Inc. and managed by the Volunteers of America of Greater New Orleans, Inc. (VOAGNO). No capital stock is authorized, issued, or outstanding. CLC, Inc. was formed to acquire an interest in real property located in Slidell, Louisiana, and to construct and operate thereon two six-unit apartment complexes under Section 202 of the National Housing Act in order to provide housing for persons developmentally disabled (the Project). CLC, Inc. operates HUD Project No. 064-EH036-WHC-NP-L8 (see Restrictive Covenants and Agreements below). The Project has received substantial support from VOAGNO from its inception. VOAGNO has agreed to continue to manage and operate this project.

The Project is also subject to a Section 8 Housing Assistance Payments agreement (Project LA48-T791-012) with the U.S. Department of Housing and Urban Development (HUD) and a significant portion of the Project's rental income is received from HUD (see NOTE 7).

The accompanying financial statements are those of CLC, Inc. and do not represent the financial statements of VOAGNO.

### Restrictive Covenants and Agreements

The Federal Housing Administration (FHA) and the U.S. Department of Housing and Urban Development (HUD) exercise control over the apartment complexes through provisions of a regulatory agreement. The provisions of this agreement restrict CLC, Inc., without prior written approval from HUD, from: encumbering, acquiring, altering or disposing of land, buildings and improvements; using the land, buildings and improvements for any purpose other than the use originally intended; engaging in any other business or activity; and disbursing funds for payment of dividends, compensation to officers or directors, or any purpose other than reasonable operating expenses. The agreement also stipulates that FHA/HUD shall control the rental rates, rate of return on investment and method of operation.

**COMMUNITY LIVING CENTERS, INC.**  
HUD PROJECT NO. 064-EH036-WHC-NP-L8  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The following significant accounting policies have been utilized in the preparation of the financial statements:

Basis of Accounting

The financial statements of **CLC, Inc.** are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Property

Land, building and building improvements are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	40 years
Building improvements	10-40 years

The equipment utilized by **CLC, Inc.** is the property of VOAGNO and as such is not reflected on the books of **CLC, Inc.**

Revenue Recognition

Rental income is recognized in the month it is earned.

Income Taxes

**CLC, Inc.** is organized as a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code.

Estimates

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

**COMMUNITY LIVING CENTERS, INC.**  
HUD PROJECT NO. 064-EH036-WHC-NP-L8  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

---

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Cash and Cash Equivalents

For the purposes of the statement of cash flows, all unrestricted investment instruments with original maturities of three months or less are considered cash equivalents. CLC, Inc. had no cash equivalents at June 30, 1998.

Distributions

CLC, Inc.'s regulatory agreement with HUD prohibits distribution of project funds to the non-profit owners.

Financial Statement Presentation

Under SFAS No. 117, CLC, Inc. is required to report information regarding the nature and amounts of its net assets. CLC, Inc. has discontinued its use of fund accounting and, accordingly classifies its financial statements to present net assets.

A description of the three (3) net asset categories is as follows:

Unrestricted net assets include the following:

- Unrestricted net assets include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of CLC, Inc. are included in this category.
- Temporarily restricted net assets include income and gifts and contributions for which donor imposed restrictions have not been met.

**COMMUNITY LIVING CENTERS, INC.**  
HUD PROJECT NO. 064-EH036-WHC-NP-L8  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:**

Financial Statement Presentation, Continued

- Permanently restricted net assets are contributions which are required by the donor-imposed restriction to be invested in perpetuity and only the income be made available for program operations in accordance with the donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor imposed restrictions.

At June 30, 1998, the **CLC, Inc.** did not have any temporarily or permanently restricted net assets.

Functional Allocation of Expenses

Expenditures incurred in connection with project operations have been summarized on a functional basis in the statement of activities.

**NOTE 3 - REPLACEMENT RESERVES:**

The regulatory agreement between HUD and **CLC, Inc.** requires the establishment and maintenance of a replacement reserve in an interest-bearing account to aid in funding extraordinary maintenance and repairs and replacement of capital items in accordance with HUD regulations. The balance in the replacement reserve account at June 30, 1998 is \$4,213.

**COMMUNITY LIVING CENTERS, INC.**  
HUD PROJECT NO. 064-EH036-WHC-NP-L8  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

---

NOTE 4 - RELATED PARTY TRANSACTIONS:

Rental Income

VOAGNO pays the tenant's portion of the monthly rent as determined by HUD. VOAGNO paid \$16,691 to CLC, Inc. which represents all of its portion of tenant's rent owed to CLC, Inc. for the year ended June 30, 1998.

Office Salaries and Fringe Benefits

Included in administrative expense and taxes and insurance expense are office salaries and fringe benefits of \$15,901 and \$2,346; respectively, which represents reimbursement to VOAGNO of 50% of the salaries and fringe benefits for two of its employees that manage the CLC, Inc.'s apartment complexes.

Accounts Payable - VOAGNO

Accounts payable - VOAGNO consist of \$75,792 of working capital advances and \$40,000 for closing costs which were incurred at the inception of the Project. The payable to VOAGNO is due on demand and bears no interest.

Note Payable - VOAGNO

Note payable - VOAGNO represents borrowings from VOAGNO to make repairs to the apartment complexes operated by CLC, Inc. The note bears no interest and is being paid in annual installments of \$5,109 through fiscal year 2004.

Management Fees

VOAGNO has entered into an agreement with HUD to manage the two apartment complexes of the CLC, Inc. Under the agreement, VOAGNO earns a management fee equal to 5% of gross collections of CLC, Inc. Included in administrative expenses is \$6,113 which represents VOAGNO's portion of the management fees earned in fiscal year 1998.

**COMMUNITY LIVING CENTERS, INC.**  
 HUD PROJECT NO. 064-EH036-WHC-NP-L8  
 NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

---

**NOTE 4 - RELATED PARTY TRANSACTIONS, CONTINUED:**

Management Fee Payable

Prior to July 1, 1993, VOA Housing Corporation managed the two apartment complexes of **CLC, Inc.** and is due \$26,456 in unpaid management fees as of June 30, 1998.

**NOTE 5 - LONG-TERM DEBT:**

Mortgage Payable-HUD

The mortgage payable of \$427,299 to HUD relates to the two six-unit apartment complexes operated by **CLC, Inc.** The loan bears an interest rate of 9.25% with a maturity date of June 30, 2024. The first twenty (20) years of the loan require only scheduled interest payments to be made monthly. The remaining twenty (20) years of the loan requires payments of \$3,622 per month to include principal and interest. The mortgage is collateralized by all of the **CLC, Inc.'s** land and buildings. In addition the **CLC, Inc.** has assigned, pledged and mortgaged to HUD all of its rights to the income and charges of any costs which it may receive or be entitled to receive from the operations of the apartment complexes. Scheduled principal payments due on the note subsequent to June 30, 1998 are as follows:

<u>Year Ended June 30,</u>	
1999	\$ -0-
2000	-0-
2001	-0-
2002	-0-
2003	-0-
Subsequent years	<u>427,299</u>
	427,299
Less: Current portion	<u>-0-</u>
Total long-term portion	<u>\$427,299</u>

**COMMUNITY LIVING CENTERS, INC.**  
 HUD PROJECT NO. 064-EH036-WHC-NP-L8  
 NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

---

**NOTE 5 - LONG-TERM DEBT, CONTINUED:**

Note Payable - VOAGNO

The note payable to VOAGNO relates to funds borrowed from VOAGNO to make repairs to the two six-unit apartment complexes operated by CLC, Inc. and bears no interest. Scheduled principal payments due on the note subsequent to June 30, 1998 are as follows:

Year Ended June 30,

1999	\$10,218
2000	5,109
2001	5,109
2002	5,109
2003	5,109
Subsequent years	<u>5,109</u>
	35,763
Less: Current portion	<u>(10,218)</u>
Total long-term portion	<u>\$25,545</u>

**NOTE 6 - UNRESTRICTED NET ASSETS:**

CLC, Inc.'s net assets are not subject to donor imposed restrictions. Accordingly, all net assets are accounted for as unrestricted net assets under SFAS No. 117.

**NOTE 7 - RENT SUBSIDIES:**

CLC, Inc. entered into a HAP contract (LA-48-T791-012) under the Section 8 Housing Assistance Payments Program whereby tenants would be eligible for rent subsidies. During the year ended June 30, 1998, CLC, Inc. earned \$105,575 in subsidies from HUD. Under this program individual tenants are awarded subsidies based on their financial ability and need.



**COMMUNITY LIVING CENTERS, INC.**  
HUD PROJECT NO. 064-EH036-WHC-NP-L8  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

---

**NOTE 8 - FAIR VALUES OF FINANCIAL INSTRUMENTS:**

The fair values of financial instruments have been determined by utilizing available market information and appropriate valuation methodologies. CLC, Inc. considers the carrying amounts of cash and restricted deposits to approximate fair value.

The estimated fair value of the mortgage payable to HUD has not been determined.

**NOTE 9 - CONTINGENCIES:**

CLC, Inc. is the recipient of various funds from the U.S. Department of Housing and Urban Development. The administration of the programs funded by HUD are under the control of CLC, Inc. and is subject to audit and review by HUD or their designee. Any grant or award found not to be properly spent in accordance with the terms, conditions and regulations of HUD may be subject to recapture.

**NOTE 10 - CONCENTRATION OF CREDIT RISK**

CLC, Inc. receives primarily all of its revenues from the U. S. Department of Housing and Urban Development (HUD). If the amount of revenues received from HUD fall below critical levels, CLC, Inc.'s operating results could be adversely affected.

**SUPPLEMENTARY INFORMATION**

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**INDEPENDENT AUDITORS' REPORT ON  
SUPPLEMENTARY INFORMATION**

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To the Board of Directors  
**Community Living Centers, Inc.**

Our report on our audit of the basic financial statement of **Community Living Centers, Inc. (CLC, Inc.)**, (HUD Project No. 064-EH036-WHC-NP-L8) for 1998, appears on page 1. Our audit was performed for the purpose of forming an opinion on the basic financial statements of **CLC, Inc.** taken as a whole. The accompanying supplementary information on pages 16-to-24 is presented for purposes of additional analysis and is not a required part of the basic financial statements of **CLC, Inc.** Also, the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and is 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.

*Bruno & Tervalon*

**BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS**

August 14, 1998

**COMMUNITY LIVING CENTERS, INC.**

HUD PROJECT NO. 064-EH036-WHC-NP-L8

SUPPLEMENTARY DATA REQUIRED BY HUD

For the Year Ended June 30, 1998

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ACCOUNTS AND NOTES RECEIVABLE (OTHER THAN TENANTS)

HUD	0-30 days	<u>\$5,313</u>
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TENANT ACCOUNTS RECEIVABLE

There were no tenant accounts receivable as of June 30, 1998.

MORTGAGE ESCROW DEPOSITS

In accordance with HUD requirements, **CLC, Inc.** had mortgage escrow deposits of \$2,136 for taxes and insurance as of June 30, 1998.

TENANT DEPOSITS

Tenant security deposits are held at Hibernia National Bank, New Orleans, Louisiana in an account insured by the federal government that is in the name of **CLC, Inc.** At June 30, 1998, the account consisted of \$1,345. The interest earned on this account enures to the benefit of the tenant.

See Independent Auditors' Report on Supplementary Information.

**COMMUNITY LIVING CENTERS, INC.**

HUD PROJECT NO. 064-EH036-WHC-NP-L8

SUPPLEMENTARY DATA REQUIRED BY HUD

For the Year Ended June 30, 1998

---

**RESERVE FOR REPLACEMENT ACCOUNT:**

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

Balance, July 1, 1997	\$2,340
Monthly deposits (11 X \$160)	1,760
Interest	<u>113</u>
Balance, June 30, 1998, confirmed by depository	<u>\$4,213</u>

The Reserve for Replacement Account is held in cash at Hibernia National Bank, New Orleans, Louisiana.

**RESIDUAL RECEIPTS**

None

See Independent Auditors' Report on Supplementary Information.

**COMMUNITY LIVING CENTERS, INC.**

HUD PROJECT NO. 064-EH036-WHC-NP-L8

SUPPLEMENTARY DATA REQUIRED BY HUD

For the Year Ended June 30, 1998

CHANGE IN FIXED ASSET ACCOUNTS

	Balance July 1, 1997	Additions	Deductions	Balance June 30, 1998
Land and buildings:				
Land	\$ 52,037	\$ -0-	\$ -0-	\$ 52,037
Buildings and improvements	<u>497,734</u>	<u>26,992</u>	<u>(100)</u>	<u>524,626</u>
	549,771	26,992	(100)	576,663
Accumulated Depreciation:				
Buildings and improvements	<u>(143,498)</u>	<u>(12,941)</u>	<u>100</u>	<u>(156,339)</u>
Net book value	\$ <u>406,273</u>	\$ <u>14,051</u>	\$ <u>-0-</u>	\$ <u>420,324</u>

See Independent Auditors' Report on Supplementary Information.

**COMMUNITY LIVING CENTERS, INC.**

HUD PROJECT NO. 064-EH036-WHC-NP-L8

SUPPLEMENTARY DATA REQUIRED BY HUD

For the Year Ended June 30, 1998

---

ACCOUNTS PAYABLE (OTHER THAN TRADE CREDITORS)

There were no accounts payable (other than trade creditors) outstanding at June 30, 1998 except for certain amounts due VOAGNO as described in NOTE 4 to the financial statements.

ACCRUED TAXES

There were no accrued taxes outstanding at June 30, 1998.

IDENTITY OF INTEREST COMPANIES

<u>COMPANY NAME</u>	<u>TYPE OF SERVICE</u>	<u>AMOUNT RECEIVED</u>
VOAGNO	Reimbursement of salary and related benefits	\$18,247
VOAGNO	Loan repayment	\$ 5,109
VOAGNO	Management fees	\$ 6,113

COMPENSATION OF OFFICERS OR DIRECTORS

There was no compensation paid to the officers or directors of CLC. Inc. during the year ended June 30, 1998.

See Independent Auditors' Report on Supplementary Information.

**COMMUNITY LIVING CENTERS, INC.**  
HUD PROJECT NO. 064-EH036-WHC-NP-L8  
SUPPLEMENTARY DATA REQUIRED BY HUD  
For the Year Ended June 30, 1998

---

COMMENTS ON BALANCE SHEET ITEMS

None

DISTRIBUTION PAID TO OWNERS

There were no distributions paid to owners during the year ended June 30, 1998.

UNAUTHORIZED DISTRIBUTIONS PAID TO OWNERS

There were no unauthorized distributions paid to the owners during the year ended June 30, 1998.

CHANGES IN OWNERSHIP INTEREST

No ownership changes occurred during the year ended June 30, 1998

DONATIONS, SUBSIDY PAYMENTS AND FOUNDER'S FEES

Charitable contributions	\$ -0-
Life membership contract fees	-0-
Section 8 rent subsidy	105,575
Founder's fees	-0-
Rent payments from VOAGNO	16,691
Interest	<u>291</u>
	<u>\$122,557</u>

NOTES PAYABLE (OTHER THAN INSURED MORTGAGES)

Notes payable (other than insured mortgages) consist of amounts due VOAGNO as described in NOTE 5 to the financial statements.

See Independent Auditors' Report on Supplementary Information.



**COMMUNITY LIVING CENTERS, INC.**

HUD PROJECT NO. 064-EH036-WHC-NP-L8

SUPPLEMENTARY DATA REQUIRED BY HUD

For the Year Ended June 30, 1998

---

CASH RECEIPTS AND DISBURSEMENTS

SOURCE OF FUNDS:

Operations:			
Revenues			
Rental income	\$116,953		
Interest	<u>291</u>		\$117,244
Expenses			
Administrative	41,737		
Utilities	15,857		
Operating and maintenance	7,764		
Taxes and insurance	4,941		
Interest	37,450		
Note payable	5,109		
Building improvements	<u>26,992</u>		<u>139,850</u>
Cash used by operations			(22,606)
Other:			
Ownership advances		29,778	
Reserve fund replenishments		<u>(1,873)</u>	
Net increase in cash			5,299
Cash, beginning of year			<u>7,453</u>
Cash, end of year			<u>\$ 12,752</u>

See Independent Auditors' Report on Supplementary Information.

# Computation of Surplus Cash, Distributions and Residual Receipts

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

Project Name Community Living Centers, Inc.	Fiscal Period Ended: 06/30/98	Project Number 064-EH036-WHC-NP-L8
--	----------------------------------	---------------------------------------

**Part A - Compute Surplus Cash**

<b>Cash</b>		
1. Cash (Accounts 1110, 1120, 1191, 1192)	\$ 14,097	
2. Tenant subsidy vouchers due for period covered by financial statement	\$ 5,313	
3. Other (describe)	\$ -0-	
(a) Total Cash (Add Lines 1, 2, and 3)		\$ 19,410

**Current Obligations**

4. Accrued mortgage interest payable	\$ 3,073	
5. Delinquent mortgage principal payments	\$ -0-	
6. Delinquent deposits to reserve for replacements	\$ -0-	
7. Accounts payable (due within 30 days)	\$ 117,922	
8. Loans and notes payable (due within 30 days)	\$ 5,109	
9. Deficient Tax Insurance or MIP Escrow Deposits	\$ -0-	
10. Accrued expenses (not escrowed)	\$ 856	
11. Prepaid Rents (Account 2210)	\$ -0-	
12. Tenant security deposits liability (Account 2191)	\$ 1,345	
13. Other (Describe)	\$ -0-	
(b) Less Total Current Obligations (Add Lines 4 through 13)		\$ 128,305
(c) Surplus Cash (Deficiency) (Line (a) minus Line (b))		\$(108,895)

**Part B - Compute Distributions to Owners and Required Deposit to Residual Receipts**

1. Surplus Cash		\$ -0-
<b>Limited Dividend Projects</b>		
2a. Annual Distribution Earned During Fiscal Period Covered by the Statement	\$	
2b. Distribution Accrued and Unpaid as of the End of the Prior Fiscal Period	\$	
2c. Distributions Paid During Fiscal Period Covered by Statement	\$	
3. Amount to be Carried on Balance Sheet as Distribution Earned but Unpaid (Line 2a plus 2b minus 2c)	\$	
4. Amount Available for Distribution During Next Fiscal Period	\$	
5. Deposit Due Residual Receipts (Must be deposited with Mortgagee within 60 days after Fiscal Period ends)	\$	-0-

<b>Prepared By</b>		<b>Reviewed By</b>	
Loan Technician	Date	Loan Servicer	Date

See Independent Auditors' Report on Supplementary Information.

# Statement of Profit and Loss

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

OMB Approval No. 2502-0052 (Exp. 9/30/98)

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2502-0052), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

Do not send this form to the above address.

For Month/Period Beginning: **07/01/97** Ending: **06/30/98** Project Number: **064-EH036-WHC-NP-L8** Project Name: **COMMUNITY LIVING CENTERS, INC.**

Part I	Description of Account	Acct. No.	Amount*
Rental Income 5100	Apartments or Member Carrying Charges (Coops)	5120	\$
	Tenant Assistance Payments	5121	\$ 122,266
	Furniture and Equipment	5130	\$
	Stores and Commercial	5140	\$
	Garage and Parking Spaces	5170	\$
	Flexible Subsidy Income	5180	\$
	Miscellaneous (specify)	5190	\$
	<b>Total Rent Revenue Potential at 100% Occupancy</b>		<b>\$ 122,266</b>
Vacancies 5200	Apartments	5220	( )
	Furniture and Equipment	5230	( )
	Stores and Commercial	5240	( )
	Garage and Parking Spaces	5270	( )
	Miscellaneous (specify)	5290	( )
	<b>Total Vacancies</b>		<b>( -0- )</b>
	<b>Net Rental Revenue Rent Revenue Less Vacancies</b>		<b>\$ 122,266</b>
	<b>Elderly and Congregate Services Income—5300</b>		
	<b>Total Service Income (Schedule Attached)</b>	5300	\$
Financial Revenue 5400	Interest Income—Project Operations	5410	\$
	Income from Investments—Residual Receipts	5430	\$
	Income from Investments—Reserve for Replacement	5440	\$ 113
	Income from Investments—Miscellaneous	5490	\$ 178
	<b>Total Financial Revenue</b>		<b>\$ 291</b>
Other Revenue 5900	Laundry and Vending	5910	\$
	NSF and Late Charges	5920	\$
	Damages and Cleaning Fees	5930	\$
	Forfeited Tenant Security Deposits	5940	\$
	Other Revenue (specify)	5990	\$
	<b>Total Other Revenue</b>		<b>\$</b>
	<b>Total Revenue</b>		<b>\$</b>
Administrative Expenses 6200/6300	Advertising	6210	\$
	Other Administrative Expense	6250	\$ 11,578
	Office Salaries	6310	\$ 15,902
	Office Supplies	6311	\$ 1,005
	Office or Model Apartment Rent Management	6320	\$ 6,113
	Manager or Superintendent Salaries	6330	\$
	Manager or Superintendent Rent Free Unit	6331	\$
	Legal Expenses (Project)	6340	\$ 117
	Auditing Expenses (Project)	6350	\$ 4,410
	Bookkeeping Fees/Accounting Services	6351	\$
	Telephone and Answering Service	6360	\$ 2,789
	Bad Debts	6370	\$
	Miscellaneous Administrative Expenses (specify) Other	6390	\$ 1,596
	<b>Total Administrative Expenses</b>		<b>\$ 43,510</b>
Utilities Expense 6400	Fuel Oil/Coal	6420	\$
	Electricity (Light and Misc. Power)	6450	\$ 14,881
	Water	6451	\$ 976
	Gas	6452	\$
	Sewer	6453	\$
	<b>Total Utilities Expense</b>		<b>\$ 15,857</b>

\* All amounts must be rounded to the nearest dollar; \$.50 and over,

See Independent Auditors' Report on Supplementary Information.

Community Living Centers, Inc. 064-EH036-WHC-NP-L8

Operating and Maintenance Expenses 6500	Janitor and Cleaning Payroll	6510	\$	
	Janitor and Cleaning Supplies	6515	\$	
	Janitor and Cleaning Contract	6517	\$	
	Exterminating Payroll/Contract	6519	\$	
	Exterminating Supplies	6520	\$	
	Garbage and Trash Removal	6525	\$	
	Security Payroll/Contract	6530	\$	
	Grounds Payroll	6535	\$	
	Grounds Supplies	6536	\$	
	Grounds Contract	6537	\$	
	Repairs Payroll	6540	\$	
	Repairs Material	6541	\$	2,728
	Repairs Contract	6542	\$	5,036
	Elevator Maintenance/Contract	6545	\$	
	Heating/Cooling Repairs and Maintenance	6546	\$	
	Swimming Pool Maintenance/Contract	6547	\$	
	Snow Removal	6548	\$	
	Decorating Payroll/Contract	6560	\$	
	Decorating Supplies	6561	\$	
	Other	6570	\$	
Miscellaneous Operating and Maintenance Expenses	6590	\$		
<b>Total Operating and Maintenance Expenses</b>				<b>\$ 7,764</b>
Taxes and Insurance 6700	Real Estate Taxes	6710	\$	
	Payroll Taxes (FICA)	6711	\$	1,211
	Miscellaneous Taxes, Licenses and Permits	6719	\$	
	Property and Liability Insurance (Hazard)	6720	\$	1,712
	Fidelity Bond Insurance	6721	\$	883
	Workmen's Compensation	6722	\$	105
	Health Insurance and Other Employee Benefits	6723	\$	1,030
	Other Insurance (specify)	6729	\$	
<b>Total Taxes and Insurance</b>				<b>\$ 4,941</b>
Financial Expenses 6800	Interest on Bonds Payable	6810	\$	
	Interest on Mortgage Payable	6820	\$	37,027
	Interest on Notes Payable (Long-Term)	6830	\$	
	Interest on Notes Payable (Short-Term)	6840	\$	
	Mortgage Insurance Premium/Service Charge	6850	\$	
	Miscellaneous Financial Expenses	6890	\$	396
<b>Total Financial Expenses</b>				<b>\$ 37,423</b>
Elderly & Congregate Service Expenses 6900	<b>Total Service Expenses—Schedule Attached</b>	6900	\$	
	<b>Total Cost of Operations Before Depreciation</b>			<b>\$ 109,495</b>
	<b>Profit (Loss) Before Depreciation</b>			<b>\$ 13,062</b>
	Depreciation (Total)—6600 (specify) (Building)	6600		12,941
Operating Profit or (Loss)				<b>\$ 121</b>
Corporate or Mortgagor Entity Expenses 7100	Officer Salaries	7110	\$	
	Legal Expenses (Entity)	7120	\$	
	Taxes (Federal-State-Entity)	7130-32	\$	
	Other Expenses (Entity)	7190	\$	
	<b>Total Corporate Expenses</b>			
<b>Net Profit or (Loss)</b>				<b>\$ 121</b>

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012, 31 U.S.C. 3729, 3802) Miscellaneous or other income and expense sub-account groups. If miscellaneous or other income and/or expense sub-accounts (5190, 5290, 5490, 5990, 6390, 6590, 6729, 6890, and 7190) exceed the Account Groupings by 10% or more, attach a separate schedule describing or explaining the miscellaneous income or expense.

Part II

1. Total principal payments required under the mortgage, even if payments under a Workout Agreement are less or more than those required under the mortgage.	\$	3,515
2. Replacement Reserve deposits required by the Regulatory Agreement or Amendments thereto, even if payments may be temporarily suspended or waived.	\$	1,920
3. Replacement or Painting Reserve releases which are included as expense items on this Profit and Loss statement	\$	-0-
4. Project Improvement Reserve Releases under the Flexible Subsidy Program that are included as expense items on this Profit and Loss Statement.	\$	n/a

\* All amounts must be rounded to the nearest dollar; \$.50 and over,

See Independent Auditors' Report on Supplementary Information.

**COMMUNITY LIVING CENTERS, INC.**  
**HUD PROJECT NO. 064-EH036-WHC-NP-L8**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 1998**

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<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency Number</u>	<u>Activity</u>
U.S. Department of Housing and Urban Development			
Section 202 Direct Loan	N/A	064-EH036-WHC- NP-L8	\$427,299
Section 8 Housing Assistance Payments	14.857	LA48-T791-012	<u>105,575</u>
Total			<u>\$532,874</u>

N/A - Not available

See Independent Auditors' Report on Supplementary Information.

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

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To the Board of Directors of  
**Community Living Centers, Inc.**

We have audited the financial statements of **Community Living Centers, Inc. (CLC, Inc.)** (HUD Project No. 064-EH036-WHC-NP-L8) as of and for the year ended June 30, 1998, and have issued our report thereon dated August 14, 1998. We conducted our audit in accordance with generally accepted 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 **CLC, Inc.'s** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

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Internal Control Over Financial Reporting

In planning and performing our audit, we considered CLC, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. 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. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. 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 Board of Directors, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Bruno & Tervalon*  
**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

August 14, 1998

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

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To the Board of Directors  
**Community Living Centers, Inc.**

Compliance

We have audited the compliance of **Community Living Centers, Inc. (CLC, Inc.)** (HUD Project No. 064-EH036-WHC-NP-L8) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1998. **CLC, Inc.'s** major federal program is identified in the summary of independent auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of **CLC's Inc.'s** management. Our responsibility is to express an opinion on **CLC's Inc.** compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **CLC, Inc.'s** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on **CLC, Inc.'s** compliance with those requirements.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133, Continued**

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In our opinion, **CLC, Inc.** complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1998. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs (Section III) as item 98-01.

Internal Control Over Compliance

The management of **CLC, Inc.** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered **CLC, Inc.**'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect **CLC, Inc.**'s ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs (Section III) as item 98-01.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133, Continued**

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weaknesses.

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

*Bruno & Tervalon*  
**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

August 14, 1998

**COMMUNITY LIVING CENTERS, INC.**  
**HUD PROJECT NO. 064-EH036-WHC-NP-L8**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1998**

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**Section I - Summary of Auditors' Results**

1.	Type of report issued on the financial statements.	Unqualified opinion
2a.	Did the audit disclose any reportable conditions in internal control?	No
2b.	Were any reportable conditions in internal control material weakness?	No
2.	Did the audit disclose any noncompliance material to the financial statements?	No
4a.	Did the audit disclose any reportable conditions in internal control over major federal programs?	Yes
4b.	Were any reportable conditions in internal control over major programs material weaknesses?	No
5.	Type of report issued on compliance for major programs.	Unqualified opinion
6.	Did the audit disclose any audit findings required to be reported under Section 510(a)?	Yes
7.	Major program	Section 202 Direct Loan Program
8.	Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
9.	Does the auditee qualify as a low-risk auditee?	No

**COMMUNITY LIVING CENTERS, INC.  
HUD PROJECT 064-EH036-WHC-NP-L8  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 1998**

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**Section II - Financial Statement Findings**

No instances of non-compliance and reportable conditions were noted.

**COMMUNITY LIVING CENTERS, INC.  
HUD PROJECT 064-EH036-WHC-NP-L8  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 1998**

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**Section III - Federal Award Findings and Questioned Cost**

Federal Compliance and Internal Control over Compliance

Finding 98-01 - Tenant Application, Eligibility and Recertification

Federal Agency

U.S. Department of Housing and Urban Development

Federal Program

Section 202 Direct Loan Project

Federal Award Year

Year Ended June 30, 1998

Criteria

Where tenants or projects are subsidized, the owner is responsible for accepting applications, correctly calculating the tenant's contribution toward rent and utilities and correctly calculating any subsidy, determining initial tenant eligibility, annual recertification of tenant eligibility, and rectifying improper or inaccurate tenant information in accordance with the guidelines provided in HUD Handbook 4350.3 and the applicable Regulatory Agreement.

Condition

Two (2) of the three (3) tenant files examined did not contain evidence that a move-out/move-in inspection was conducted.

Two (2) of the three (3) tenant files examined did not include a recertification of tenant eligibility for occupancy for the period under examination.

Three (3) of the three (3) tenant files examined did not include a lease agreement in effect during the period under examination.

**COMMUNITY LIVING CENTERS, INC.**  
**HUD PROJECT 064-EH036-WHC-NP-L8**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1998, Continued**

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Cause

Failure to adhere to HUD policy and procedures.

Questioned Cost

For purposes of the noted condition, we have not questioned any costs.

Effect

Non-compliance with HUD requirements.

Recommendation

We recommend that management implement procedures to ensure adequate documentation of tenant application, eligibility and recertification are maintained in tenant files.

**COMMUNITY LIVING CENTERS, INC.**  
**HUD PROJECT NO. 064-EH036-WHC-NP-L8**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

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		<u>Status</u>	
		<u>Resolved</u>	<u>Unresolved</u>
97-01	Replacement fund withdrawals	X	
97-02	Tenant files (See 98-01)		X

COMMUNITY LIVING CENTERS, INC.  
HUD PROJECT NO. 064-EH036-WHC-NP-L8

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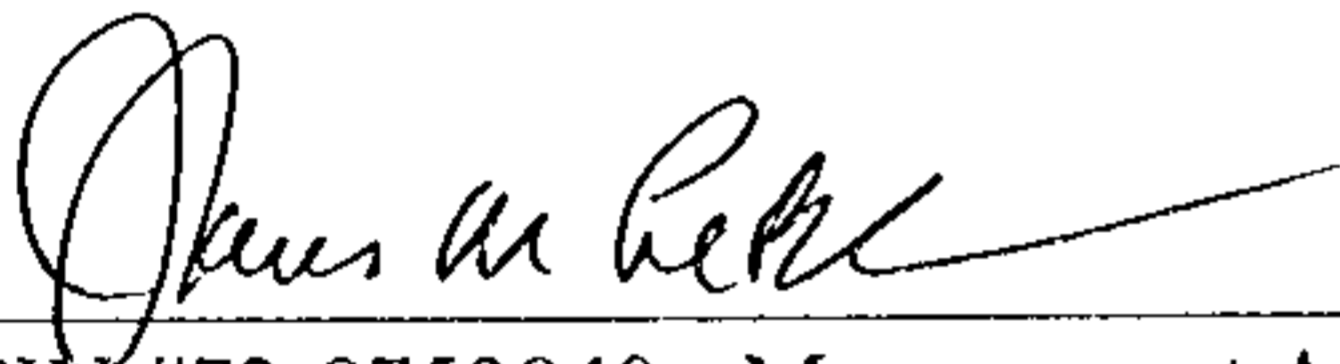
CERTIFICATION OF MORTGAGOR AND MANAGEMENT AGENT  
(Unaudited)

We hereby certify that we have examined the accompanying financial statements and supplementary data of **Community Living Center, Inc.** for the fiscal year ended June 30, 1998 and, to the best of our knowledge and belief, the same is complete and accurate.



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EIN #72-0753040 - Mortgagor



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EIN #72-0753040 - Management Agent



COMMUNITY LIVING CENTERS, INC.  
HUD PROJECT NO. 064-EH036-WHC-NP-L8

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EXIT CONFERENCE

An exit conference was held with the following individuals and the audit report was reviewed and discussed.

COMMUNITY LIVING CENTER, INC.

Mr. Frederic E. Drew, III	–	Vice-President of Finance and Administration
Ms. Bernice Stewart	–	Controller

BRUNO & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Michael B. Bruno, CPA	–	Managing Partner
Mr. Armand Pinkney	–	Audit Supervisor

This report is intended solely for the use of the Board of Directors, management and the U.S. Department of Housing and Urban Development and should not be used for any other purpose.

*Bruno & Tervalon*  
**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

August 14, 1998



Volunteers of America  
Greater New Orleans

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Ernestine S. Gray  
Chair

James M. LeBlanc  
President/CEO

**COMMUNITY LIVING CENTERS, INC.  
(HUD PROJECT NO. 064-EH036-WHC-NP-L8)  
CORRECTIVE ACTION PLAN  
June 30, 1998**

**Board of Directors**

William H. Courlet, III

Kurt Davis

Charles W. Easterling

Mary J. Koss

Michelle O. Landrieu

Alex L. Lewis, III

John C. Martin

Ruth R. McCusker

Chief Warren E. McDaniels

D. Richard Moore, Jr.

*St. Marie Jeanne Mouldoux, RSM*

Ruby E. Noble

Newell D. Normand

Leonard D. Simmons, Jr.

Fred W. Taul

Olivet M. Thomas

Audit Finding Reference No.

98-01

Description of Condition

Tenant Application. Eligibility and Re-certification.

Auditors' Recommendation

Management should implement procedures to ensure adequate documentation of tenant application. Eligibility and re-certification are maintained in tenant files.

Corrective Action Planned

The HUD occupancy requirements for subsidized tenant or housing projects in accordance with the guidelines provided in HUD handbook 4350.3 will be reduced to an itemized detail listing which will be placed in and used to maintain the tenant files. The executive assistant for the program will be responsible for maintaining the files. The staff accountant for the program will inspect the files semi-annually unless a move-in/move-out occurs which would require immediate inspection for HUD compliance.

Anticipated Completion Date

Immediately

Contact Person Responsible for Corrective Action

Name: Gail Lassair

Phone: (504) 486-8688