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**LOUISIANA HOUSING AND  
COMMUNITY DEVELOPMENT CORPORATION**

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**FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 1998**

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 MAR 10 1998

**LOUISIANA HOUSING AND COMMUNITY DEVELOPMENT  
CORPORATION**

**YEAR ENDED JUNE 30, 1998**

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**LOUISIANA HOUSING AND COMMUNITY  
DEVELOPMENT CORPORATION**

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**REPORT ON AUDIT OF FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 1998**

BOBBIE L. HOWARD  
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921 CHURCH STREET  
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TELEPHONE (504) 851-6838  
FAX (504) 851-6972

December 14, 1998

**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, 1998, 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, 1998, 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 AND COMMUNITY  
DEVELOPMENT CORPORATION  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 1998**

	<b>GENERAL FUND</b>	<b>TOTALS (MEMORANDUM) ONLY</b>
<b>ASSETS</b>		
Cash-Hibernia	\$ 773,130.96	\$ 773,130.96
Cash-FNBC	224,449.75	224,449.75
Cash-Hibernia (Tower Acct.)	518,483.22	518,483.22
Cash-St. James Bank	1,274,984.63	1,274,984.63
Investment in Treasures	1,052,325.61	1,052,325.61
Discount on Investment	( 12,273.60)	( 12,273.60)
Office Fixtures & Equipment	8,989.18	8,989.18
Accum. Depr. Fixtures & Equip.	( 898.92)	( 898.92)
Security Deposit	1,550.00	1,550.00
Deposit	1,000.00	1,000.00
Organization Costs	50,181.80	50,181.80
Accumulated Amortization	<u>( 6,571.58)</u>	<u>( 6,571.58)</u>
<b>Total Assets</b>	<b>\$3,905,351.05</b>	<b>\$3,905,351.05</b>
 <b>LIABILITIES AND FUND EQUITY</b>		
Liabilities:		
Accounts Payable	<u>9,582.84</u>	<u>9,582.84</u>
<b>Total Liabilities</b>	<b><u>9,582.84</u></b>	<b><u>9,582.84</u></b>
Fund Equity:		
Fund Equity	<u>\$3,895,768.21</u>	<u>\$3,895,768.21</u>
<b>TOTAL FUND EQUITY</b>	<b><u>\$3,895,768.21</u></b>	<b><u>\$3,895,768.21</u></b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$3,905,351.05</u></b>	<b><u>\$3,905,351.05</u></b>

See accompanying notes to Financial Statements

**LOUISIANA HOUSING AND COMMUNITY  
DEVELOPMENT CORPORATION  
STATEMENT OF ACTIVITIES AND CHANGES IN FUND BALANCE  
YEAR ENDED JUNE 30, 1998**

<b>REVENUES</b>	<b>GENERAL FUND</b>	<b>TOTALS (MEMORANDUM) ONLY</b>
State Endeavor Agreement	\$4,000,000.00	\$4,000,000.00
T-Bill Dividend	126.05	126.05
Amortized Discount on T-Bill	39,465.41	39,465.41
Interest Income	<u>58,243.89</u>	<u>58,243.89</u>
<b>TOTAL REVENUES</b>	<b>\$4,097,835.35</b>	<b>\$4,097,835.35</b>
 <b>EXPENDITURES</b>		
Salaries	\$ 65,929.25	\$ 65,929.25
Employees Benefits	7,038.82	7,038.82
Professional Fees	51,235.03	51,235.03
Postage & Delivery Expense	1,555.09	1,555.09
Supplies & General Expense	22,082.33	22,082.33
Telephone	6,428.99	6,428.99
Occupancy Expense	11,942.65	11,942.65
Equipment Rental & Maintenance	4,841.24	4,841.24
Travel	21,761.80	21,761.80
Dues & Subscriptions	612.03	612.03
Depreciation & Amortization	7,470.50	7,470.50
Miscellaneous	<u>1,169.41</u>	<u>1,169.41</u>
<b>TOTAL EXPENDITURES</b>	<b>\$ 202,067.14</b>	<b>\$ 202,067.14</b>
<b>Excess of Revenue over (under) Expenditures</b>	<b>\$3,895,768.21</b>	<b>\$ 3,895,768.21</b>
<b>Fund Balance- Beginning of Year</b>	<b>-0-</b>	<b>-0-</b>
<b>Fund Balance- End of Year</b>	<b><u><u>\$3,895,768.21</u></u></b>	<b><u><u>\$3,895,768.21</u></u></b>

See accompanying notes to Financial Statements

**LOUISIANA HOUSING AND COMMUNITY  
DEVELOPMENT CORPORATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 1998**

	<b>GENERAL FUND</b>	<b>TOTALS (MEMORANDUM) ONLY</b>
<b>Cash Flows from Operating Activities</b>		
Net Income (Loss)	\$3,895,768.21	\$ 3,895,768.21
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	898.92	898.92
Amortization Expense	6,571.58	6,571.58
Other Assets	(2,550.00)	(2,550.00)
Organization Cost	(50,181.80)	(50,181.80)
Trade Accounts Payable	<u>9,582.84</u>	<u>9,582.84</u>
 <b>Net Cash Provided (Used) By Operating -     Activities</b>	 <b>\$3,860,089.75</b>	 <b>\$3,860,089.75</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of Equipment	(8,989.18)	(8,989.18)
 <b>Net Cash Provided (Used) By Investing Activities</b>	 <b><u>(8,989.18)</u></b>	 <b><u>(8,989.18)</u></b>
<b>Cash Flows from Financing Activities</b>	<b>-0-</b>	<b>-0-</b>
 <b>Net Increase (Decrease) In Cash</b>	 <b>\$3,851,100.57</b>	 <b>\$3,851,100.57</b>
Cash Balance At Beginning of Year	-0-	-0-
 <b>Cash Balance At End of Year</b>	 <b><u><u>\$3,851,100.57</u></u></b>	 <b><u><u>\$3,851,100.57</u></u></b>

See accompanying notes to Financial Statements

**LOUISIANA HOUSING AND COMMUNITY DEVELOPMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 1998**

**A. SUMMARY OF ACCOUNTING POLICIES**

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 initiatives 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.

The Board of Directors of LHCDC shall develop underwriting criteria which will determine the qualifications for individual borrows or other entities seeking financial assistance from the LHCDC. The Board of Directors shall also determine the types of projects which may qualify for financial assistance and, if desired, any limitations on the maximum amount of funds which might be made available to any one borrower. Prior to the funding of any loan requests, the underwriting criteria and the type of qualifying projects develop by the Board of Directors shall be approved by the Secretary of the Louisiana Department of Economic Development.

Evidence of indebtedness are solely the obligations of LHCDC not the State of Louisiana.

**1. Fund Accounting**

The accounts of Louisiana Housing and Community Development Corporation are organized on the basis of the general fund or account groups.

The operations of the general fund are comprised of the general fund's assets, liabilities, fund equity, revenues and expenditures as related to the fiscal operations of Louisiana Housing and Community Development Corporation.

**(Continued)**



**LOUISIANA HOUSING AND COMMUNITY DEVELOPMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 1998**

**A. SUMMARY OF ACCOUNTING POLICIES (Continued)**

**2. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Louisiana Housing and Community Development Corporation uses the accrual basis of accounting. Revenue is recognized when they are earned, and expenses are recognized when they are incurred.

**3. Budget and Budgetary Accounting**

A budget was not adopted for the year ended June 30, 1998. Accordingly, no statement of revenues, expenditures and change in fund balance -budget and actual is included in the financial statements presented herein.

**4. Cash and Investments**

At year-end the carrying amount of Louisiana housing and Community Development deposits in the checking accounts and investments was \$3,864,074.32. Of these amount, \$100,000 was covered by federal depository insurance and the remainder collateralized by a pledge of securities owned by the depository bank, but held in safekeeping by other financial institutions.

**5. Office Fixtures and Equipment**

All office fixtures and equipment are valued at historical cost. Depreciation using the straight-line method.

**6. Organization Cost**

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

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December 14, 1998

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, 1998, and have issued our report thereon date December 14, 1998. 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 LHDC 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect LHDC ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The Board of Directors  
Louisiana Housing and Community Development Corporation  
Page 2  
December 14, 1998

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. Our consideration of the internal control over financial reporting 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 none of the reportable conditions described above is a material weakness.

This report is intended for the information of the audit committee, management, and federal awarding agencies 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

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December 14, 1998

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

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

**Compliance**

We have audited the compliance of LHCDC (a nonprofit Organization) 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 each of its major federal programs for the year ended June 30, 1998. LHCDC major federal programs are identified in the summary of auditor's results section of the accompanying schedule of finding and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of LHCDC management. Our responsibility is to express an opinion on LHCDC compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepts 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 Organization." Those standards and OMB Circular A-133 required 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 LHCDC compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provided a reasonable basis for our opinion. Our audit does not provided a legal determination of LHCDC compliance with those requirements.

The Board of Directors  
Louisiana Housing and Community Development Corporation  
Page 2  
December 14, 1998

LHCDC audit report for the year ended June 30, 1998 was not filed on time with the Legislative Auditors Office by December 31, 1998 because of a change in the President/CEO position at LHCDC.

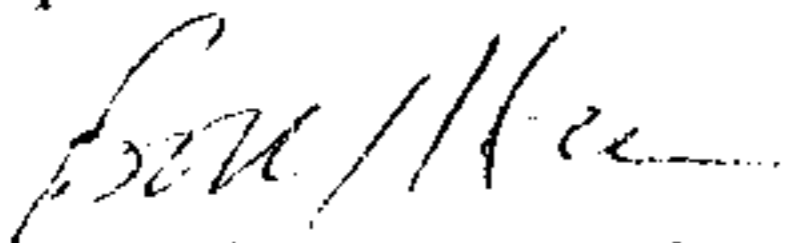
In our opinion, except for the noncompliance described in the preceding paragraph, LHCDC complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1998.

**Internal Control Over Compliance**

The management of LHCDC is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered LHCDC 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 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. We noted no matters involving the internal control over compliance 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 and pass-through entities. However, this report a matter of public record and its distribution is not limited.

  
Bobbie L. Howard  
Certified Public Accountant

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December 14, 1998

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

**Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the Louisiana Housing and Community Development Corporation (LHCDC). for the year ended June 30,1998. We have issued our report thereon dated December 14,1998.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by OMB Circular A-133 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..

**LOUISIANA HOUSING AND COMMUNITY  
DEVELOPMENT CORPORATION**

**Schedule of Expenditures of Federal Awards  
For the year Ended June 30, 1998**

<b>Federal Grantor/Pass-through Grantor /Program Title</b>	<b>Federal CFDA Number</b>	<b>Agency or Pass-through Number</b>	<b>Award Amount</b>
Louisiana Dept. of Economic Development	521415	OCR#251-70020	\$4,000,000.00
Office of Secretary and La. Housing and Community Corp.			
Cooperative Endeavor Agreement			

**LOUISIANA HOUSING AND COMMUNITY  
DEVELOPMENT CORPORATION**

**Schedule of Finding and Questioned Costs  
For the year Ended June 30, 1998**

Grant Program: Cooperative Endeavor Agreement

Finding: None

Questioned Costs: \$-0-