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**ORLEANS METROPOLITAN HOUSING & COMMUNITY
DEVELOPMENT, INC.**

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

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

DEC 08 1999

Release Date _____

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Orleans Metropolitan Housing & Community Development, Inc..

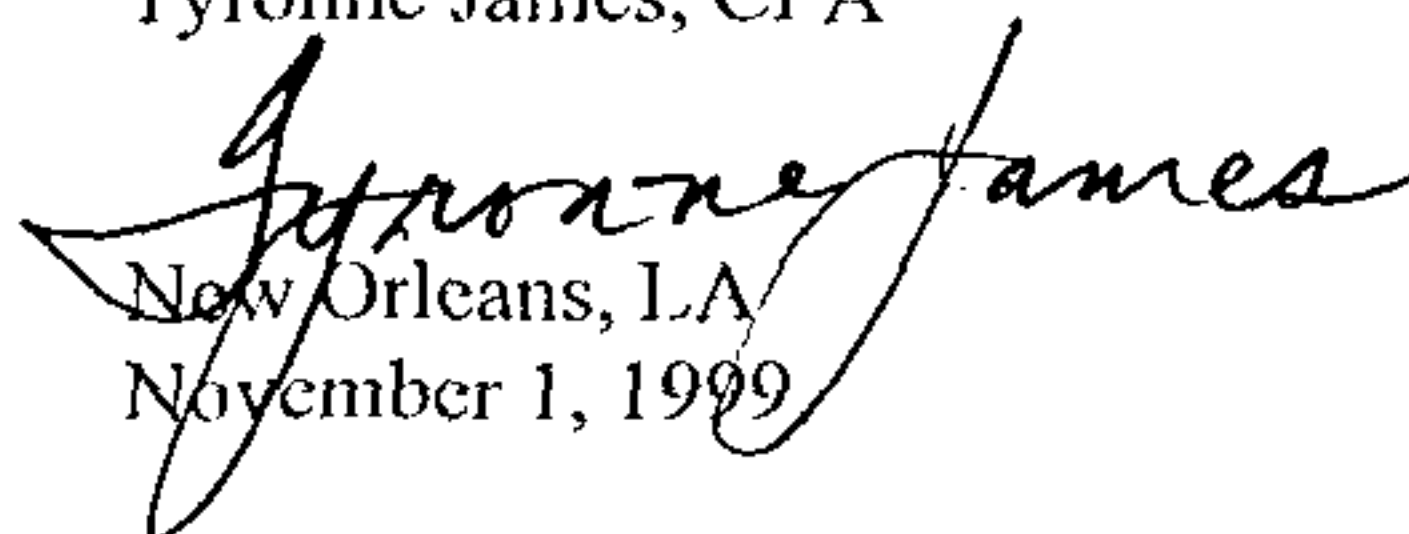
I have audited the accompanying statement of financial position of Orleans Metropolitan Housing & Community Development, Inc. (a nonprofit organization) as of June 30, 1999, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of Orleans Metropolitan Housing & Community Development, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with general 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 I 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. I believe my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Orleans Metropolitan Housing & Community Development, Inc. as of June 30, 1999, and the changes in its net assets and cash flows for the year then ended in accordance with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated November 1, 1999, on my consideration of Orleans Metropolitan Housing & Community Development, Inc.'s internal control over financial reporting and my tests of compliance with certain provisions of laws, regulations, contracts, and grants.

Tyronne James, CPA


New Orleans, LA
November 1, 1999

ORLEANS METROPOLITAN HOUSING & COMMUNITY DEVELOPMENT, INC.

**STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 1999**

ASSETS

Current Assets

Cash \$ 488
Due From Administration 10,340

TOTAL CURRENT ASSETS 10,828

Fixed Assets (Note 2)

Buildings and Improvements 148,415
Office Equipment 15,070
Accumulated Depreciation (73,765)

TOTAL FIXED ASSETS 89,720

Other Assets

Deposits- Administration 1,320
Deposits- Weatherization 339

TOTAL OTHER ASSETS 1,659

TOTAL ASSETS 102,207

LIABILITIES AND NET ASSETS

LIABILITIES

Current Liabilities

Current Portion of Mortgage Payable (Note 4) 2,267
Accounts Payable 5,474
Federal Withholding Taxes Payable (565)
State Withholding Taxes Payable 505
Due To Weatherization 10,340

TOTAL CURRENT LIABILITIES 18,021

Non-Current Liabilities

Long-term Portion of Mortgage Payable (Note 4) 34,819

TOTAL LIABILITIES 52,840

NET ASSETS

Net Assets(Note 5) 49,367

TOTAL LIABILITIES AND NET ASSETS \$ 102,207

See Accompanying Notes to the Financial Statements

ORLEANS METROPOLITAN HOUSING & COMMUNITY DEVELOPMENT, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1999**

REVENUES

Grant Revenue	\$ 184,756
Rent Revenue	3,818
Interest Income	<u>8</u>

TOTAL REVENUES 188,582

EXPENSES

Program Services

Materials	35,092
Salaries	45,667
Contract Labor	32,609
Insurance	1,781
License & Permits	1,399
Miscellaneous	1,025

Support Services

Salaries	40,043
Payroll Tax	7,612
Other Taxes	893
Accounting	7,180
Office Supplies	4,361
Interest	5,331
Bank Charges	196
Professional & Legal	7,000
Postage & Freight	371
Depreciation Expense	6,065
Rent	10,610
Utilities & Telephone	<u>8,715</u>

TOTAL EXPENSES 215,950

CHANGE IN NET ASSETS (27,368)

BEGINNING NET ASSETS (Note 6) 76,734

ENDING NET ASSETS \$ 49,366

See Accompanying Notes to the Financial Statements.

ORLEANS METROPOLITAN HOUSING & COMMUNITY DEVELOPMENT, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1999**

CASH FLOWS FROM OPERATING ACTIVITIES:

Decrease in Net Assets	(\$27,368)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation Expense	6,065
(Increase) decrease in operating assets:	
Grant Receivable	25,470
Due From Administration	(146)
Due From Property Account	4,042
Increase (Decrease) in operating liabilities:	
Accounts Payable	(1,617)
Taxes Payable	(517)
Due to Administration	<u>(4,042)</u>
Net Cash Provided by Operating Activities	1,887

CASH FLOWS FROM FINANCING ACTIVITIES:

Payment on mortgage payable	<u>(3,501)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,614)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,102</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 488</u></u>

See Accompanying Notes to the Financial Statements

**ORLEANS METROPOLITAN HOUSING &
COMMUNITY DEVELOPMENT, INC.**

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 1999

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Orleans Metropolitan Housing & Community Development, Inc. (OMH) was established in Louisiana in 1984 as a non-profit corporation. The primary focus of OMH is to rehabilitate housing, improve public facilities, and revitalize local economic conditions by development of opportunities, principally for persons of low or moderate incomes. Further, giving maximum feasibility priority of all programmatic activities to benefit low and moderate income families or aid in the prevention and the elimination of slums and urban property blight.

Basis of Accounting

OMD uses the accrual method of accounting and follows the standards of accounting and financial reporting outlined by the American Institute of Certified Public Accountants in its Audit and Accounting Guide, *Audits of Not-for-Profit Organizations*.

Cash and Cash Equivalents

For purposes of the statements of cash flows, OMD considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Property, Plant and Equipment

Property and equipment are carried at cost. Depreciation is computed using the straight-line method over estimated useful lives ranging from five years for furniture and equipment to six years for building & improvements.

Income Taxes

OMH operates as a nonprofit entity and has been granted tax-exempt status by the Internal Revenue Service (IRS) under Section 501(c)(3) of the Internal Revenue Code. OMH exempt status is recognized by the State of Louisiana. Accordingly, no provision has been made in these statements for federal or state income taxes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principals requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at 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.

**ORLEANS METROPOLITAN HOUSING &
COMMUNITY DEVELOPMENT, INC.**

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 1999

2. PROPERTY, PLANT & EQUIPMENT

Property, Plant & Equipment consist of the following at June 30, 1999:

Land	\$ 27,111
Building and Improvements	121,304
Furniture, Fixtures, and Equipment	<u>15,070</u>
Total Property, Plant & Equipment	163,485
Less Accumulated Depreciation	<u>(73,765)</u>
Net Property, Plant & Equipment	<u>\$89,720</u>

3. GRANTS

OMII is the recipient of a grant from the Governor's Office of Urban Affairs & Development. A total of \$184,756 was received under this grant for the year ending June 30, 1999.

4. MORTGAGES PAYABLE

Mortgages Payable consisted of the following:

Owner financed property located at 2225-2227 Willow St. Purchase price \$39,000, Down payment \$7,800 12% interest, Original note \$31,200	<u>Balance</u> \$ 18,387
American Securities Bank financed property located at 936 Jackson Ave. Purchase price \$19,885 9.375% interest, Original note \$19,885	 <u>18,699</u>
Total	<u>\$ 37,086</u>

Maturities of mortgages payable for each of the next five years are as follows:

Year ended <u>June 30,</u>	
2000	\$ 2,267
2001	2,547
2002	2,863
2003	3,217
Thereafter	<u>26,192</u>
	<u>\$37,086</u>

**ORLEANS METROPOLITAN HOUSING &
COMMUNITY DEVELOPMENT, INC.**

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 1999

5. PRIOR PERIOD ADJUSTMENT

For the past two years, OMD had failed to adjust its accounts payable account. A written-off debt was not recorded. The payable was adjusted against net assets.

6. ECONOMIC DEPENDENCY

OMH receives almost all of its revenue from grants. If budget cuts from funding sources are made at the state and local levels, the amount of funds OMH receives could be significantly reduced, with resultant adverse impact on revenues and operations.

Management is not aware of any plans on the part of its current funding sources to significantly reduce payments to the OMD.

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**ORLEANS METROPOLITAN HOUSING &
COMMUNITY DEVELOPMENT, INC.**
**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Orleans Metropolitan Housing & Community Development, Inc.

I have audited the financial statement of Orleans Metropolitan Housing & Community Development, Inc. (a nonprofit organization) as of and for the year ended June 30, 1999, and have issued my report thereon dated November 1, 1999. I conducted my 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

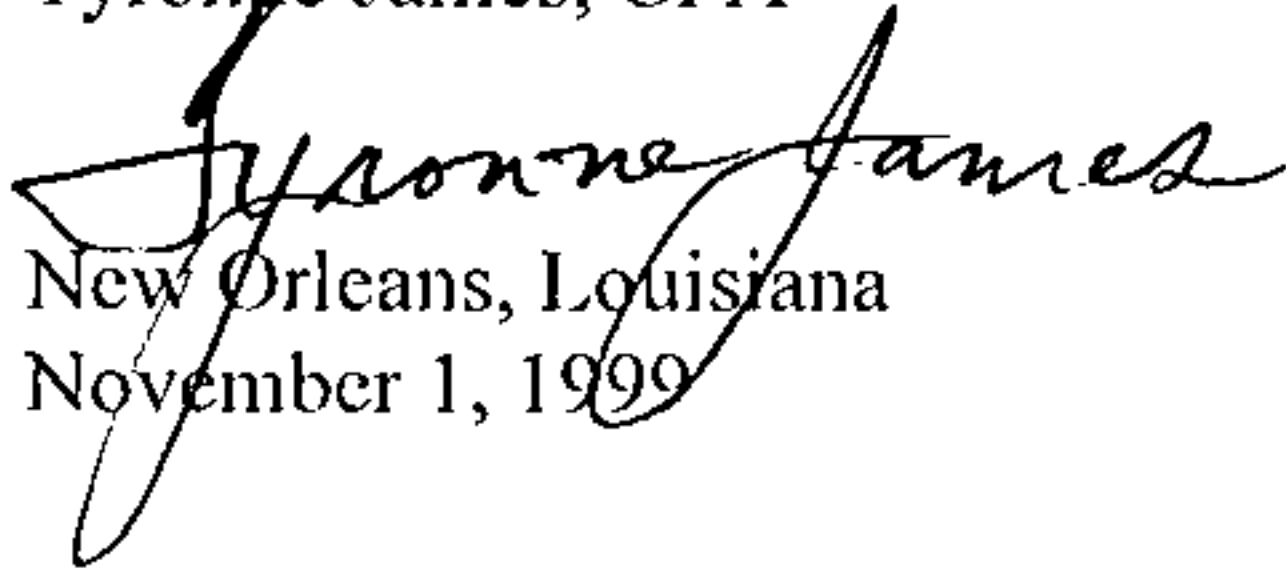
As part of obtaining reasonable assurance about whether Orleans Metropolitan Housing & Community Development, Inc.'s (OMH) financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with 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 my audit, and according, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Audit Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered OMH's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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. I noted no matters involving the internal control over financial reporting and its operation that I 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 distributed is not limited.

Tyronne James, CPA

A handwritten signature in cursive script that reads "Tyronne James". The signature is written in black ink and is positioned over the typed name and date.

New Orleans, Louisiana

November 1, 1999

**ORLEANS METROPOLITAN HOUSING &
COMMUNITY DEVELOPMENT, INC.**

**SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 1999**

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS**

<u>FINDINGS</u>	<u>STATUS</u>
1998-1 Bank reconciliations not prepared. OMH should perform cash reconciliations monthly.	Resolved.
1998-2 Fixed asset detail not maintained. OMD should maintain fixed asset details to remain in compliance with the grant agreement.	Resolved.
1998-3 Mortgage payments were not allocated between principal and interest. OMD should maintain amortization schedules.	Resolved.
1998-4 Accrual accounting not implemented. OMD should utilize accrual accounting.	Resolved.
1998-5 Actual expenses exceed budgeted amounts without budget amendments. OMD should expense funds within budgeted limits.	Resolved.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO
FEDERAL AWARDS**

FINDINGS

1998- No findings

SECTION III MANAGEMENT LETTER

1998- None