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NINTH WARD HOUSING DEVELOPMENT CORPORATION
NEW ORLEANS, LOUISIANA

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FINANCIAL AND COMPLIANCE AUDIT

TOGETHER WITH

INDEPENDENT AUDITOR'S REPORT

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 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.

FOR THE YEAR ENDED JUNE 30, 1998

Release Date MAR 10 1998

ASIF GAFUR MBA, MS
CERTIFIED PUBLIC ACCOUNTANT

P.O. Box 7166

New Orleans, Louisiana 70186

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**NINTH WARD HOUSING DEVELOPMENT CORPORATION
(A Non-Profit Corporation)**

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MEMBER

American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ninth Ward Housing Development Corporation

I have audited the accompanying statement of financial position of Ninth Ward Housing Development Corporation, hereafter NWHDC (a nonprofit organization), as of June 30, 1998, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of NWHDC's management. My responsibility is to express an opinion on these financial statements based on my audit.

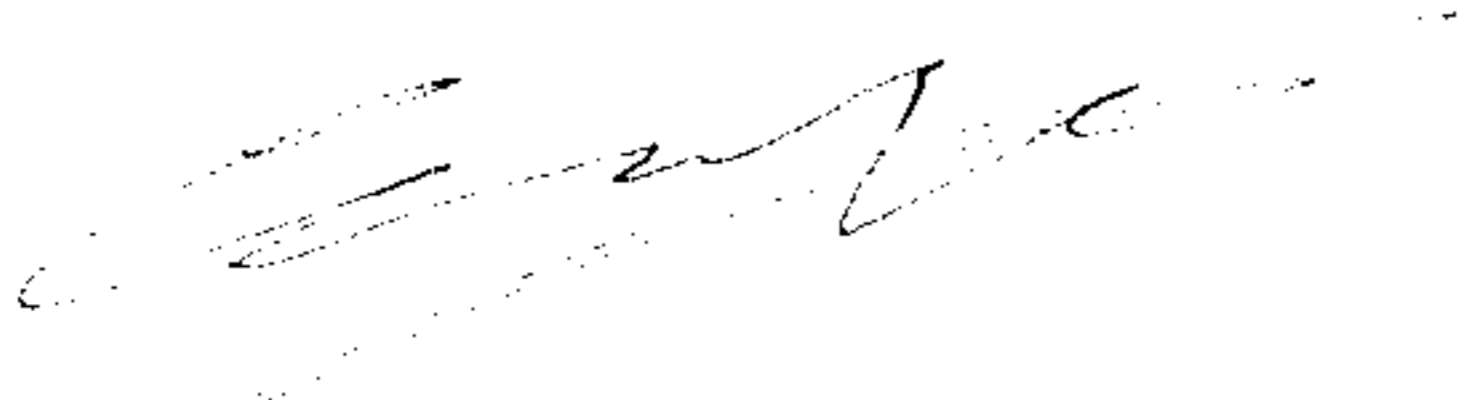
I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that 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 NWHDC 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.

In accordance with Government Auditing Standards, I have also issued my report dated January 22, 1999, on my consideration of NWHDC's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

My audit was performed for the purpose of forming an opinion on the basic financial statements of NWHDC taken as a whole. 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 my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Asif Gafur
Certified Public Accountant
January 22, 1999

NINTH WARD HOUSING DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1998

<u>ASSETS</u>	<u>GENERAL FUND</u>	<u>DAY-CARE PROGRAM</u>	<u>FOOD SERVICES PROGRAM</u>	<u>COMMUNITY ASSISTANCE PROGRAM</u>	<u>EMPLOYMENT PREPARATION PROGRAM</u>	<u>REHABILITATION PROGRAM</u>	<u>FIRST TIME HOME BUYER PROGRAM</u>	<u>TOTAL (MEMO ONLY)</u>
Current Assets:								
Cash	\$ 22,164	\$ 19,278	\$ 12,875	\$ 6,040	\$ 6,733	\$ 1,011	\$ 97,416	\$ 165,517
Grant receivable	-0-	10,043	1,686	-0-	-0-	-0-	32,828	44,557
Rent receivable	190,701	-0-	-0-	-0-	-0-	-0-	-0-	190,701
Due from other programs	49,930	28,594	7,258	20,351	1,609	-0-	1,900	109,642
Total current assets	<u>\$ 262,795</u>	<u>\$ 57,915</u>	<u>\$ 21,819</u>	<u>\$ 26,391</u>	<u>\$ 8,342</u>	<u>\$ 1,011</u>	<u>\$ 132,144</u>	<u>\$ 510,417</u>
Property and equipment, net (Notes 1 and 2)	1,137,570	5,904	-0-	17,871	1,954	-0-	-0-	1,163,299
Total	<u>\$ 1,400,365</u>	<u>\$ 63,819</u>	<u>\$ 21,819</u>	<u>\$ 44,262</u>	<u>\$ 10,296</u>	<u>\$ 1,011</u>	<u>\$ 132,144</u>	<u>\$ 1,673,716</u>
<u>LIABILITIES</u>								
Current Liabilities:								
Accounts payable	\$ 1,282	\$ 214	\$ 398	\$ -0-	\$ -0-	\$ -0-	\$ 23,669	\$ 25,563
Accrued expenses/other payables	901	687	115	1,125	157	-0-	-0-	2,985
Due to other programs	28,658	28,979	1,840	5,642	12,723	300	31,500	109,642
Total current liabilities	<u>\$ 30,841</u>	<u>\$ 29,880</u>	<u>\$ 2,353</u>	<u>\$ 6,767</u>	<u>\$ 12,880</u>	<u>\$ 300</u>	<u>\$ 55,169</u>	<u>\$ 138,190</u>
<u>NET ASSETS</u>								
Unrestricted	1,369,524	-0-	-0-	-0-	-0-	-0-	-0-	1,369,524
Temporarily restricted	-0-	33,939	19,466	37,495	(2,584)	711	76,975	166,002
Total net assets	<u>\$ 1,369,524</u>	<u>\$ 33,939</u>	<u>\$ 19,466</u>	<u>\$ 37,495</u>	<u>\$ (2,584)</u>	<u>\$ 711</u>	<u>\$ 76,975</u>	<u>\$ 1,535,526</u>
Total Liabilities and Net Assets	<u>\$ 1,400,365</u>	<u>\$ 63,819</u>	<u>\$ 21,819</u>	<u>\$ 44,262</u>	<u>\$ 10,296</u>	<u>\$ 1,011</u>	<u>\$ 132,144</u>	<u>\$ 1,673,716</u>

The accompanying report and notes are an integral part of these financial statements

NINTH WARD HOUSING DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1998

	<u>GENERAL FUND</u>	<u>DAY-CARE PROGRAM</u>	<u>FOOD SERVICES PROGRAM</u>	<u>COMMUNITY ASSISTANCE PROGRAM</u>	<u>EMPLOYMENT PREPARATION PROGRAM</u>	<u>REHABILITATION PROGRAM</u>	<u>FIRST TIME HOME BUYER PROGRAM</u>	<u>TOTAL (MEMO ONLY)</u>
<u>SUPPORT AND REVENUES</u>								
Grants	\$ 119,293	\$ 69,931	\$ 24,315	\$ 215,022	\$ 91,000	\$ 19,053	\$ 293,684	\$ 832,298
Rental income	184,130	-0-	-0-	-0-	-0-	-0-	-0-	184,130
Program Income	-0-	27,644	-0-	-0-	-0-	-0-	-0-	27,644
Interest Income	42	-0-	-0-	-0-	-0-	-0-	-0-	42
Other Income	26,266	7	-0-	430	-0-	-0-	165,141	191,844
Total support and revenues	<u>329,731</u>	<u>97,582</u>	<u>24,315</u>	<u>215,452</u>	<u>91,000</u>	<u>19,053</u>	<u>458,825</u>	<u>1,235,958</u>
<u>EXPENSES</u>								
Program services	-0-	104,798	28,896	222,423	92,838	22,486	381,850	853,291
Support services	145,715	-0-	-0-	-0-	-0-	-0-	-0-	145,715
Total expenses	<u>145,715</u>	<u>104,798</u>	<u>28,896</u>	<u>222,423</u>	<u>92,838</u>	<u>22,486</u>	<u>381,850</u>	<u>999,006</u>
Increase in net assets, unrestricted	184,016							184,016
Increase (decrease) in net assets, restricted	-0-	(7,216)	(4,581)	(6,971)	(1,838)	(3,433)	76,975	52,936
Net assets unrestricted, beginning	1,220,041	-0-	-0-	-0-	-0-	-0-	-0-	1,220,041
Net assets temporarily restricted, beginning	-0-	41,155	24,047	44,466	(746)	4,144	-0-	113,066
Net assets, beginning	<u>1,220,041</u>	<u>41,155</u>	<u>24,047</u>	<u>44,466</u>	<u>(746)</u>	<u>4,144</u>	<u>-0-</u>	<u>1,333,107</u>
Net assets unrestricted, prior period adjustment (Note 5)	(34,533)	-0-	-0-	-0-	-0-	-0-	-0-	(34,533)
Net assets unrestricted, ending	1,369,524	-0-	-0-	-0-	-0-	-0-	-0-	1,369,524
Net assets temporarily restricted, ending	-0-	33,939	19,466	37,495	(2,584)	711	76,975	166,002
Net assets, ending	<u>\$ 1,369,524</u>	<u>\$ 33,939</u>	<u>\$ 19,466</u>	<u>\$ 37,495</u>	<u>\$ (2,584)</u>	<u>\$ 711</u>	<u>\$ 76,975</u>	<u>\$ 1,535,526</u>

The accompanying report and notes are an integral part
of these financial statements

NINTH WARD HOUSING DEVELOPMENT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 1998

	GENERAL FUND	DAY-CARE PROGRAM	FOOD SERVICES PROGRAM	COMMUNITY ASSISTANCE PROGRAM	EMPLOYMENT PREPARATION PROGRAM	REHABILITATION PROGRAM	FIRST TIME HOME BUYER PROGRAM	TOTAL
Salaries and wages	\$ 11,925	\$ 75,700	\$ 14,523	\$ 162,916	\$ 39,175	\$ -0-	\$ -0-	\$ 304,239
Fringe benefits	1,641	8,792	1,345	20,671	4,141	-0-	-0-	36,590
Advertisement	284	97	165	175	-0-	-0-	407	1,128
Contractual services	4,608	-0-	-0-	-0-	-0-	-0-	6,400	11,008
Contributions	813	-0-	-0-	-0-	-0-	-0-	-0-	813
Cost - sales of homes	-0-	-0-	-0-	-0-	-0-	-0-	55,673	55,673
Construction - new homes	-0-	-0-	-0-	-0-	-0-	-0-	292,476	292,476
Depreciation	38,870	1,231	-0-	8,660	885	-0-	-0-	49,646
Dues and subscriptions	1,412	25	-0-	-0-	-0-	-0-	-0-	1,437
Education and training	-0-	250	-0-	676	-0-	29	-0-	955
Entertainment	330	-0-	-0-	-0-	-0-	-0-	-0-	330
Insurance	32,666	115	-0-	7,076	-0-	-0-	565	40,422
Licenses and permits	215	175	-0-	-0-	-0-	-0-	-0-	390
Miscellaneous	-0-	7	18	-0-	142	-0-	-0-	167
Other	410	263	-0-	34	39	144	19,195	20,085
Parking and mileage	25	-0-	-0-	-0-	-0-	33	411	469
Professional services	2,167	5,900	375	3,200	1,024	-0-	148	12,814
Postage and printing	370	-0-	-0-	480	-0-	-0-	-0-	850
Rent	3,686	-0-	-0-	-0-	12,000	-0-	-0-	15,686
Repairs and maintenance	30,771	4,886	749	414	-0-	21,405	6,160	64,385
Seminars and fairs	-0-	-0-	270	5,276	-0-	-0-	-0-	5,546
Supplies:								
Building	103	-0-	-0-	-0-	-0-	-0-	-0-	103
Office	2,703	530	453	1,811	-0-	875	148	6,520
Food	1,143	-0-	9,909	20	1,411	-0-	134	12,617
Other	615	6,176	1,089	130	-0-	-0-	-0-	8,010
Taxes, fees, assessments	1,350	12	-0-	-0-	-0-	-0-	-0-	1,362
Tutorial fees	-0-	-0-	-0-	-0-	29,745	-0-	-0-	29,745
Telephone	2,829	639	-0-	1,807	2,709	-0-	-0-	7,984
Utilities	6,779	-0-	-0-	9,077	1,567	-0-	133	17,556
Total	<u>\$ 145,715</u>	<u>\$ 104,798</u>	<u>\$ 28,896</u>	<u>\$ 222,423</u>	<u>\$ 92,838</u>	<u>\$ 22,486</u>	<u>\$ 381,850</u>	<u>\$ 999,006</u>

The accompanying report and notes are an integral part
of these financial statements

NINTH WARD HOUSING DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1998

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$ 202,419
Adjustments to reconcile net cash provided by operating activities:	
Depreciation expense	49,646
Prior period adjustment	34,533
Changes in operating assets and liabilities:	
Grant receivable	(13,324)
Rent receivable	(108,201)
Accounts payable	(2,810)
Payroll taxes payable	<u>(14,305)</u>
Net cash provided by operating activities	<u>147,958</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property and equipment	(104,873)
Sale of lands and other	13,089
Net cash used in investing activities	<u>(91,784)</u>
Net increase in cash	56,174
Cash, beginning of period	<u>109,343</u>
Cash, end of period	\$ <u><u>165,517</u></u>

The accompanying report and notes are an intergral part
of these financial statements

**NINTH WARD HOUSING DEVELOPMENT CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1998**

<u>Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Grant Contract Number</u>	<u>Program Expenditures June 30, 1998</u>
STATE OF LOUISIANA			
Office of Urban Affairs & Development:			
Community Assistance Program	N/A	100-4022	\$ 222,423
Employment Preparation Program	N/A	100-4021	92,838
Louisiana Department of Education:			
U. S. Department of Agriculture Child and Adult Care Food Program	10.558	93-285	28,896
CITY OF NEW ORLEANS			
Division of Housing & Neighborhood Development:			
U. S. Department of Housing and Urban Development	14.219	50-031C	104,798
U. S. Department of Housing and Urban Development	14.219	50-083	119,293
U. S. Department of Housing and Urban Development	14.239	HOME-94013	22,486
U. S. Department of Housing and Urban Development	14.239	CHD098-004	<u>381,850</u>
Total			<u>\$ 972,584</u>

The accompanying report and notes are an intergral part
of these financial statements

NINTH WARD HOUSING DEVELOPMENT CORPORATION
Notes to Financial Statements
June 30, 1998

Note 1: Background and Significant Accounting Policies:

General

Ninth Ward Housing Development Corporation, hereafter NWHDC, is a not-for-profit corporation formed on July 21, 1994, formerly called the Lower Ninth Ward Housing Development Corporation, which was incorporated on December 4, 1969. NWHDC was organized and operates on a non-stock basis with one class of membership which consist of members of the Board of Directors. As a non-profit corporation, the Ninth Ward Housing Development Corporation engages in the purchase, construction, demolition, rehabilitation, improvement, re-building and resale of substandard housing and real property in the City of New Orleans. NWHDC also provides day care, employment preparation/home-work assistance and community assistance programs.

Description of Programs

Child and Adult Care Food Program - This program is funded through the Louisiana State Department of Education - Child and Adult Food Program and provides free meals to approximately 40 children who participate in the not-for-profit organization's day-care program.

Community Assistance Program - This program, funded through the Louisiana State Governor's Office of Urban Affairs and Development, serves as an information clearing house by disseminating information to community residents regarding health care, housing and other community related needs. This program was discontinued at the end of June 30, 1998.

Homework Assistance Program (Also referred to as the Employment Preparation Program) - This program, funded through the Louisiana State Governor's Office of Urban Affairs and Development, provides homework assistance to approximately 82 students in grades kindergarten through sixth, who have difficulty completing homework assignments due to reduced parental assistance, distractions, or lack of student motivation. The Homework Assistance Program is conducted daily at two New Orleans Public Schools for two hours. This program was discontinued at the end of June 30, 1998.

Day-Care Center Program - This program, funded through a Community

NINTH WARD HOUSING DEVELOPMENT CORPORATION
Notes to Financial Statements
June 30, 1998

Note 1: Background and Significant Accounting Policies, Cont'd:

Development Block Grant between the City of New Orleans and a non-profit organization, provides day-care services to approximately 45 children between the ages of two and five years old.

Semmes Building Renovation Grant - This program is funded through the City of New Orleans. The fund is restricted to repairs and renovation to the first floor of the Semmes Building. The Day-Care is located in the Semmes Building.

Rehabilitation Program - This program is funded through the City of New Orleans - Home Investment Partnership Program. These funds are restricted to owner occupied rehabilitation of homes in the Ninth Ward. This program was discontinued during the year ended June 30, 1998.

First Time Home Buyer Program - This program is funded through the City of New Orleans - Home Investment Partnership Program. These funds were used to provide decent, safe and sanitary housing which is affordable to low-income persons in the target areas.

Principles of Accounting

The financial statements of Ninth Ward Housing Development Corporation, hereafter NWHDC, are prepared in accordance with generally accepted accounting principles, accordingly, all assets, liabilities, and activities are stated on the accrual basis of accounting.

NWHDC is an exempt organization for federal income tax purposes under Section 501(c)(4) of the Internal Revenue Code.

NWHDC adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, NWHDC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, NWHDC is required to present a statement of cash flows.

NINTH WARD HOUSING DEVELOPMENT CORPORATION
Notes to Financial Statements, Continued
June 30, 1998

Note 1: Background and Significant Accounting Policies, Cont'd:

Estimates

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

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the following estimated useful lives:

	Years
Building and leasehold improvements	27.5
Furniture and equipment	5
Vehicles	5

Income Taxes

The Corporation is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code.

Total Columns

Total Columns are presented to facilitate financial analysis. Data in the columns does not present financial position, results of operations and changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NINTH WARD HOUSING DEVELOPMENT CORPORATION
Notes to Financial Statements, Continued
June 30, 1998

Note 2: Property and Equipment

Property and equipment consist of the following at June 30, 1998

Land	\$ 170,275
Buildings and leasehold improvements	1,027,630
Furniture and equipment	42,774
Vehicles	<u>77,835</u>
	1,318,514
Accumulated depreciation	<u>(155,215)</u>
Total	\$ <u>1,163,299</u>

Note 3: Contingencies

The **Ninth Ward Housing Development Corporation** is a recipient of numerous grants and awards of federal and State funds. These grants and awards are governed by various Federal and State guidelines, regulations, and contractual agreements.

The administration of the programs and activities funded by these grants and awards under the control of the **Ninth Ward Housing Development Corporation** and is subject to audit and/or review by the applicable funding sources. Any grant or award funds found to be not properly spent in accordance with the terms, conditions, and regulations of the funding source may be subject to recapture.

Presently, NWHDC is involved in a lawsuit concerning Board membership. A judgment was rendered however, the matter is on appeal. According to the present management there is more than 80% probability the matter will be decided in favor of the present governing Board members.

Note 4: Leasing Arrangement

The Homework Assistance Program leases space under an operating lease. Rental

NINTH WARD HOUSING DEVELOPMENT CORPORATION
Notes to Financial Statements, Continued
June 30, 1998

expense for the year ended June 30, 1998 under this lease was \$12,000. This lease expired at June 30, 1998.

Note 5: Prior Period Adjustment

The following transaction affected the beginning unrestricted net assets:

Adjustment for prior year rent uncollectible	\$ <u>(34,533)</u>
	\$ <u>(34,533)</u>

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MEMBER

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**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
Ninth Ward Housing Development Corporation

I have audited the financial statements of Ninth Ward Housing Development Corporation, hereafter NWHDC (a nonprofit organization), as of and for the year ended June 30, 1998, and have issued my report thereon dated January 22, 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 NWHDC's 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs.

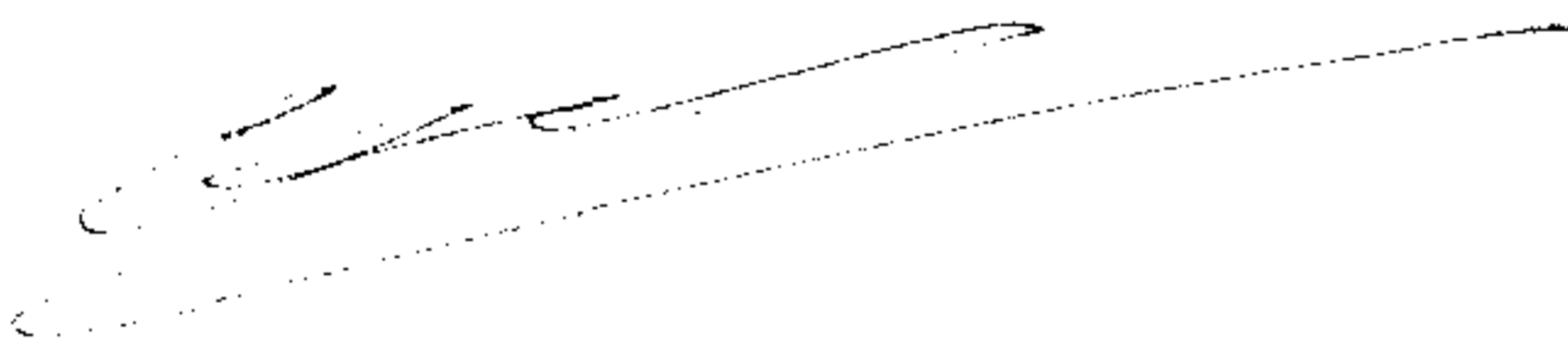
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Internal Control Over Financial Reporting

In planning and performing my audit, I considered NWHDC'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. However, I noted a certain matter involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect NWHDC's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs.

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. My 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, I believe that the reportable condition described above is not a material weakness.

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



Asif Gafur
Certified Public Accountant
January 22, 1999

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MEMBER

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

To the Board of Directors
Ninth Ward Housing Development Corporation

Compliance

I have audited the compliance of Ninth Ward Housing Development Corporation, hereafter NWHDC (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. NWHDC's major federal programs are identified in the Schedule of Expenditures of Federal Awards. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of NWHDC's management. My responsibility is to express an opinion on NWHDC's compliance based on my audit.

I conducted my 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 I 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 NWHDC's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of NWHDC's compliance with those requirements.

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

As described in the accompanying schedule of findings and questioned costs, NWHDC did not comply with requirements regarding reporting that are applicable to its major programs. Compliance with such requirements is necessary, in my opinion, for NWHDC to comply with requirements applicable to that program.

In my opinion, except for the noncompliance described in the preceding paragraph, NWHDC 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

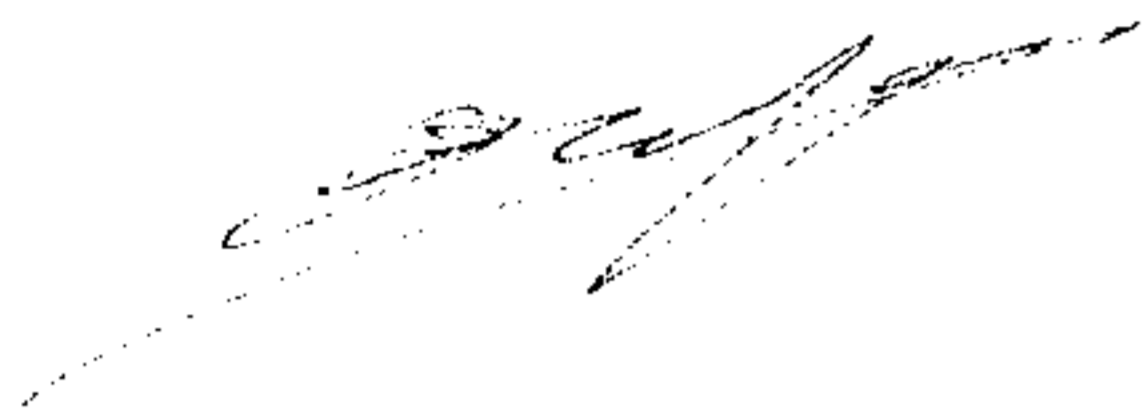
The management of NWHDC is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning, and performing my audit, I considered NWHDC's internal control over compliance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

I noted a certain matter involving the internal control over compliance and its operation that I consider to be a reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgment, could adversely affect NWHDC's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs.

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. My 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, I believe the reportable condition described above is not a material weakness.

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

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



Asif Gafur
Certified Public Accountant
January 22, 1999

**NINTH WARD HOUSING DEVELOPMENT CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 1998**

All Programs

1. Reporting

Timely Completion of the Audit of the Financial Statements

The audit was not completed within a six month period of the close of the fiscal year as required by state laws. To achieve this objective that an audit be completed within six months of the close of the fiscal year, NWHDC should provide the auditor, in a timely manner, with all requested information that is accurate and substantiated.

Management stated that there was a turnover of accountant and the new accountant was not familiar with NWHDC's accounting system, and had a personal tragedy in the family which resulted in the delay in generating substantiated reliable financial information.

Management Corrective Action Plan

Ms. Janice Smith, Program Coordinator, indicated that the above resulted from events that were not foreseeable, however, the present accountant plans to remain employed with NWHDC.

2. Reportable Condition- Accounts Balances

Per my initial examination of accounts balances, I noted several instances of incorrect accounts balances. However, measures were taken to correct these balances after this was brought to the attention of the management. I will recommend all balances should be reviewed for accuracy before engaging an auditor to facilitate timely completion of an audit and to prevent unnecessary audit hours.

Management stated that the previous accountant resigned, and the new accountant was not familiar with NWHDC's accounting system and had to face a personal tragedy causing delay in providing accurate accounts balances.

**NINTH WARD HOUSING DEVELOPMENT CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 1998**

Management Corrective Action Plan

Management has hired an accountant who plans to remain with the organization and has a commitment to maintain accurate accounts balances.

**NINTH WARD HOUSING DEVELOPMENT CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 1998**

Management Letter

1. Bank Account Reconciliation

An instance of a bank reconciliation not correctly reconciled to the general ledger.

Current Status

Corrective action has been taken.

2. Cost Allocation

The corporation does not have a cost allocation plan. Instances of expenditures and indirect costs appear to have been charged to various grants and programs operated by the corporation in a non-systematic manner.

Current Status

Presently, all costs are allocated according to approved budgets.

3. Valuation of Contributed Facilities

Corporation had not recorded the value of contributed office space and utilities. Generally accepted accounting principles require that the fair market value of facilities be recorded as revenues and expenses in the non-profit organization's statement of activities.

Current Status

The corporation presently does not have any contributed office space and utilities.

**NINTH WARD HOUSING DEVELOPMENT CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 1998**

Management Letter - Continued

4. Cash Disbursements

Instances of invoices supporting cash disbursements were not stamped paid to prevent duplicate payments, and an instance of incorrect coding to prevent duplicate payments.

Current Status

Corrective action has been taken.

5. Accounts Balances

Auditor noted several instances of incorrect account balances in the initial examination of the accounting records.

Current Status

NWHDC has hired a new accountant and in the future all accounts balances will be verified for accuracy before the auditor begins his engagement.

6. Payroll

An instance of withholding per payroll register not agreeing with withholdings per W-4, vacation and sick hours not agreeing with payroll register hours, and an instance of present authorized rate not available in the personnel folder.

Current Status

Corrective action has been taken.