

Passman Plaza, Inc.
Monroe, Louisiana
HUD Project No. 064-EE037-WAH-NP-L8

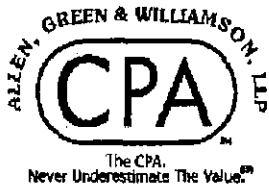
Annual Financial Report
As of and for the Year Ended June 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 2/2/05

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1963 - 2000

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Passman Plaza, Inc.
Monroe, Louisiana

We have audited the accompanying basic financial statements of Passman Plaza, Inc., HUD Project No. 064-EE037-WAH-NP-L8, as of and for the year ended June 30, 2004, as listed in the table of contents. These basic financial statements are the responsibility of Passman Plaza, Inc.'s management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. 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 basic financial statements referred to above present fairly, in all material respects, the financial position of Passman Plaza, Inc., as of June 30, 2004, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 20, 2004, on our consideration of the Passman Plaza, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Passman Plaza, Inc., taken as a whole. The accompanying supplemental information as listed in the table of contents is presented for purposes of additional analysis 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.

Also, the accompanying other information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Passman Plaza, Inc. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
August 20, 2004

PASSMAN PLAZA, INC.
 Monroe, Louisiana
 HUD PROJECT No. 064-EE037-WAH-NP-L8

STATEMENT OF FINANCIAL POSITION
 June 30, 2004

ASSETS

Current Assets			
1120 Cash - operations		\$	1,354
1135 Accounts receivable - HUD			0
1145 Accounts receivable, net of allowance of -0-			0
1160 Accounts receivable - interest			1,087
1200 Miscellaneous prepaid expenses			<u>4,788</u>
Total current assets			7,229
Deposits Held in Trust			
1191 Tenant deposits held in trust			7,655
Deposits for Funded Reserves			
1320 Replacement reserves	\$	96,362	
1340 Residual receipts reserve		<u>68,099</u>	
Total deposits			164,461
Fixed Assets			
1410 Land		252,500	
1420 Buildings		1,734,496	
1430 Site improvements		69,631	
1450 Furniture		55,468	
1470 Maintenance equipment		8,735	
1490 Miscellaneous fixed assets		<u>1,940</u>	
Total fixed assets		2,122,770	
1495 Accumulated depreciation		<u>(416,492)</u>	
Net fixed assets			1,706,278
Other Assets			
1525 Cash restricted for long-term investment			<u>34,260</u>
TOTAL ASSETS		\$	<u>1,919,883</u>

Statement A

LIABILITIES AND NET ASSETS

Current Liabilities		
2110 Accounts payable - operations	\$	503
2113 Accounts payable - Monroe Housing Authority and Passman Plaza II		5,619
2123 Accrued management fee payable		<u>1,360</u>
Total current liabilities		7,482
Deposits		
2191 Tenant deposits held in trust (Contra)		7,572
Long-Term Liabilities		
2320 Mortgage payable - First Mortgage		<u>2,052,000</u>
TOTAL LIABILITIES		2,067,054
Net Assets		
3131 Unrestricted		
Operations	\$	(197,171)
Contributed capital		<u>50,000</u>
TOTAL NET ASSETS		<u>(147,171)</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>1,919,883</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

PASSMAN PLAZA, INC.
 Monroe, Louisiana
 HUD PROJECT No. 064-EE037-WAH-NP-L8

STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2004

Statement B

	<u>UNRESTRICTED</u>
REVENUES, GAINS AND OTHER SUPPORT	
Rent revenue	
5120 Rent revenue - gross potential	\$ 72,451
5121 Tenant assistance payments	<u>47,949</u>
Total Rent Revenue	120,400
Vacancies	
5220 Apartments	<u>(1,439)</u>
Net Rental Revenue Less Vacancies	<u>118,961</u>
Financial revenue	
5410 Financial revenue - project operations	1,095
5440 Revenue from investments - reserve for replacement	480
5490 Revenue from investments - miscellaneous	<u>474</u>
Total Financial Revenue	<u>2,049</u>
Other revenue	
5920 Tenant charges	58
5990 Miscellaneous	<u>5,198</u>
Total Other Revenue	<u>5,256</u>
Total Revenue	<u>126,266</u>
 EXPENSES AND LOSSES	
Administrative expenses	
6210 Advertising and marketing	81
6310 Office salaries	2,542
6311 Office expenses	1,232
6320 Management fee	16,320
6330 Manager or superintendent salaries	11,188
6340 Legal expense - project	0
6350 Auditing expenses - project	7,030
6351 Bookkeeping fees/accounting services	1,675
6390 Miscellaneous administrative expenses	<u>7,668</u>
Total Administrative Expenses	<u>47,736</u>
Utilities expenses	
6450 Electricity	3,422
6451 Water	2,918
6452 Gas	887
6453 Sewer	<u>1,543</u>
Total Utilities Expense	<u>\$ 8,770</u>

Statement B

UNRESTRICTED

EXPENSES AND LOSSES

Operating and maintenance expenses			
6510 Payroll	\$		8,872
6515 Supplies			6,078
6520 Contracts			9,153
6525 Garbage and trash removal			2,886
6546 Heating/cooling repairs and maintenance			584
6570 Vehicle and maintenance equipment operation and repairs			566
6590 Miscellaneous operating and maintenance expenses			985
Total Operating and Maintenance Expenses			<u>29,124</u>
Taxes and Insurance			
6711 Payroll taxes			4,799
6720 Property and liability insurance (hazard)			6,382
6721 Fidelity bond insurance			52
6722 Workman's compensation			772
6723 Health insurance and other employee benefits			4,373
Total Taxes and Insurance			<u>16,378</u>
Expenses			
6900 Assisted living/board and care/other elderly care expenses			<u>937</u>
Operating results			
Total Cost of Operations before Depreciation			<u>102,945</u>
Net Increase (Decrease) in Net Assets Before Depreciation			23,321
6600 Depreciation			<u>45,352</u>
Net Increase (Decrease) in Net Assets			(22,031)
NET ASSETS AT BEGINNING OF YEAR			<u>(125,140)</u>
NET ASSETS (Deficit) AT END OF YEAR	\$		<u>(147,171)</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

PASSMAN PLAZA, INC.
Monroe, Louisiana
HUD PROJECT No. 064-EE037-WAH-NP-L8

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2004

Statement C

Cash Flow From Operating Activities

Cash received from:

Rent revenue	\$ 71,012
HAP	48,871
Other revenue	5,256
Interest	<u>2,627</u>
	<u>127,766</u>

Cash paid for:

Administrative	(51,685)
Utilities	(8,770)
Operating and maintenance	(29,124)
Taxes and insurance	(15,937)
Service	<u>(937)</u>
	<u>(106,453)</u>

Cash paid (into) out of:

Tenant security deposits (assets)	(23)
Tenant security deposits (liabilities)	<u>216</u>
	<u>193</u>

Net cash provided (used) by operating activities 21,506

Cash Flow From Investing Activities

Deposits into reserve for replacements	(17,279)
Net deposits into residual receipts reserve	(1,916)
Restricted donations	<u>136</u>

Net cash provided (used) by investing activities (19,059)

Net Increase in Cash and Cash Equivalents 2,447

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR (1,093)

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 1,354

(Continued)

Statement C

Net Loss	\$ (22,031)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities	
Depreciation	45,352
Changes in assets and liabilities	
(Increase) decrease in accounts receivable	0
(Increase) decrease in accounts receivable - HUD	922
(Increase) decrease in accounts receivable - tenants	0
(Increase) decrease in accrued interest receivable	578
(Increase) decrease in prepaid insurance	441
(Increase) decrease in tenant security deposits (asset)	(23)
Increase (decrease) in accounts payable	503
Increase (decrease) in management fees payable	(442)
Increase (decrease) in accounts payable - Monroe Housing Authority and Passman Plaza II	(4,010)
Increase (decrease) in tenant security deposits (liability)	<u>216</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 21,506</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Passman Plaza, Inc.
Notes to the Basic Financial Statements

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Passman Plaza, Inc.
Notes to the Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Purpose The Corporation was organized without capital stock under Louisiana law on October 18, 1994, as a non-profit corporation to provide housing for elderly and handicapped individuals pursuant to Section 202 of the National Housing Act, as amended. Membership in the Corporation is evidenced by certificates of membership and is limited to individuals who are members of the Board of Directors, or other persons who have the approval of the Board of Directors of this Corporation.

Income Taxes The Corporation is qualified as an organization exempt from federal income taxes, pursuant to Paragraph 501(c)(3) of the Internal Revenue Code, therefore, no provision for income taxes is necessary.

HUD Requirements The books of the Corporation are maintained in accordance with applicable HUD requirements. However, for this report, the financial statements are prepared on a generally accepted accounting principles basis. The assets, liabilities, and net assets reflected in these statements relate only to Passman Plaza, Inc., and no other assets, liabilities, or capital of the owners are reported herein.

Cash and Cash Equivalents For purposes of the statement of cash flows, the Corporation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Fixed Assets Fixed assets are capitalized and depreciated over the estimated useful life of the asset. Public domain or infrastructures are capitalized (construction period interest is capitalized).

All fixed assets costing more than \$500 are capitalized. An asset may be capitalized if its cost is less than \$500 if it is considered to have a long useful life.

Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS At June 30, 2004, the Corporation has cash and cash equivalents (book balances) as follows:

Petty Cash	\$ 50
Demand Deposit	1,304
Interest-bearing demand deposits	104,017
Total deposits	105,371
Less: demand deposits restricted	104,017
Total cash and cash equivalents	\$ 1,354

Deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledge securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At year-end, the Corporation's carrying amount of deposits was \$105,371 and the bank balance was \$106,801. The bank balance was covered by federal depository insurance or by collateral held by the Corporation's agent in the Corporation's name (GASB Category 1).

Passman Plaza, Inc.
Notes to the Basic Financial Statements

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Corporation or its agent in the Corporation's name.
2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the Corporation's name.
3. Uninsured and unregistered, with securities held by the counter party, or by its department or agent but not in the Corporation's name.

At year end, the Corporation investment balances included the following:

	Category			Carrying Amount		Total Carrying Amount
	1	2	3	Fair Value	Cost	
U.S. Treasury Securities	\$ 102,359	\$ 0	\$ 0	\$102,359	\$ 0	\$ 102,359

NOTE 3 - RESTRICTED DEPOSITS AND FUNDED RESERVES Under the provisions of the regulatory agreement with HUD, the Corporation is required to make monthly deposits to a reserve for replacement account for an annual total of \$16,800. Any disbursement from this account must be approved by HUD. At June 30, 2004, the reserve for replacements account amounted to \$96,362.

The Corporation is also required, under the regulatory agreement, to compute surplus cash and deposit it into a Residual Receipts Reserve. Any disbursements from this account require HUD approval. There was no prior surplus to be deposited into a residual receipts account. The balance of this fund at June 30, 2004, amounted to \$68,099.

These deposits are restricted by regulatory agreement but not restricted as defined by Financial Accounting Standards Statement No. 117. Therefore, these deposits are classified as unrestricted.

NOTE 4 - DEPOSITS HELD IN TRUST - FUNDED Tenants are required to pay a security deposit upon occupancy of an apartment. To comply with HUD guidelines, these security deposits are maintained in a separate bank account, in the name of the Corporation, which is limited to those transactions directly concerning the security deposits. The tenant security deposits escrow account had a balance of \$7,655 at June 30, 2004, at which time the Corporation was liable to tenants for security deposits of \$7,572.

NOTE 5 - FIXED ASSETS Property and equipment are recorded at historical cost. Depreciation is calculated using the straight-line method over estimated useful lives ranging from five to 40 years. Details of the lives, cost, accumulated depreciation and net book value are as follows:

		Estimated Useful Lives	Cost	Accumulated Depreciation	Net Book Value
1410	Land (nondepreciable)	-	\$ 252,500	0	\$ 252,500
1420	Buildings	40	1,734,496	332,443	1,402,053
1430	Site improvements	15	69,631	17,906	51,725
1450	Furniture and fixtures	5	55,468	55,468	0
1470	Maintenance equipment	5	8,735	8,735	0
1490	Computer equipment	5	1,940	1,940	0
	Total fixed assets		\$ 2,122,770	\$ 416,492	\$ 1,706,278

Passman Plaza, Inc.
Notes to the Basic Financial Statements

NOTE 6 - ACCOUNTS PAYABLE - MONROE HOUSING AUTHORITY AND PASSMAN PLAZA II, INC. The Corporation was liable to Monroe Housing Authority and Passman Plaza II, Inc., for \$5,619 at June 30, 2004. This is the result of expenses paid by Monroe Housing Authority and Passman Plaza II, Inc. for the repairs, upkeep, salaries, and administrative costs. The Corporation reimburses Monroe Housing Authority and Passman Plaza II, Inc. periodically.

NOTE 7 - MORTGAGE PAYABLE The Corporation is indebted to the U.S. Department of Housing and Urban Development for a mortgage on the building and improvements in the original amount of \$2,052,000. The mortgage note bears no interest and repayment is not required so long as housing remains available for at least forty years to very low-income elderly persons as approved by HUD. If the Corporation should default under the above terms, the entire principal sum shall at once become due and payable without notice. Interest per annum at 7% shall also become payable. Management anticipates the Corporation will remain available for low-income housing as approved by HUD for at least forty years. Therefore, a maturity schedule of principal payments has not been included.

NOTE 8 - RELATED PARTY TRANSACTIONS The Corporation is liable to Monroe Housing Authority and Passman Plaza II, Inc. for expenses paid for repairs, upkeep, salaries, and administrative costs in the amount of \$5,619. The Corporation is liable to Monroe Housing Authority for management fees of \$1,360 as of June 30, 2004.

NOTE 9 - HOUSING ASSISTANCE PAYMENTS CONTRACT (HAP) The Corporation entered into a HAP contract with HUD in March 1998. Under the terms of the HAP contract HUD will pay the difference between the contract (gross potential) rent and the portion of the rent payable by the tenants. During the year ended June 30, 2004, the HAP payments totaled \$47,949 and comprised 40 percent of the Corporation's net rental income.

NOTE 10 - CONTINGENCIES

Grant Disallowances The Corporation participates in a Housing Authority assistance payments grant programs. The program is subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

Mortgage Note As reflected in Note 7 - Mortgage Payable above, the Corporation is liable in the event of default of the agreement. Management believes the property will continue to be available for low income elderly for the forty-year requirement.

Passman Plaza, Inc.
Supporting Data Required by HUD
For the Year Ended June 30, 2004

OTHER REVENUE: Other revenue for the year ended June 30, 2004 is as follows:

Cable TV	\$ 4,996
Maintenance and other	202
Total	<u>\$ 5,198</u>

RESERVE FOR REPLACEMENTS In accordance with the provisions of the regulatory agreement, the Corporation has established a restricted account to be used for replacement of property. For the year ended June 30, 2004, the account had the following activity:

Balance, beginning of year	\$ 79,083
Required deposit, 2004	16,800
Interest earned	479
Balance, end of year	<u>\$ 96,362</u>

RESIDUAL RECEIPTS The Corporation is also required, under the regulatory agreement, to compute surplus cash and deposit it into a restricted account for residual receipts. Any disbursements from this fund require HUD approval. For the year ended June 30, 2004, the account had the following activity:

Balance, beginning of year	\$ 66,183
Required deposit, prior year	0
Interest earned	1,916
Balance, end of year	<u>\$ 68,099</u>

Passman Plaza, Inc.
Supporting Data Required by HUD
Computation of Surplus cash, Distributions and Residual Receipts
June 30, 2004

PART A - Compute Surplus Cash

1. Cash (accounts 1120, 1191)	<u>\$ 9,009</u>	
2. Accounts receivable - HUD (1135)	<u>0</u>	
(a) Total cash		<u>\$ 9,009</u>
4. Accrued mortgage interest payable	0	
7. Accounts Payable (due within 30 days)	7,482	
11. Prepaid rents	0	
12. Tenant security deposits liability (accounts 2191)	<u>7,572</u>	
(b) Less total current obligations		<u>15,054</u>
(c) Surplus cash (deficiency)		<u>\$ (6,045)</u>

PART B - Complete Distributions to Owners and Required Deposit To Residual Receipts

1. Surplus Cash	<u>\$ 0</u>	
4. Amount Available for distribution during next fiscal year	\$ 0	
5. Deposit due residual receipts	<u>\$ 0</u>	

Passman Plaza, Inc.

Supporting Data Required by HUD
Schedule of Changes In Fixed Assets
For the Year Ended June 30, 2004

	Assets			Depreciation Reserve			Net Book Balance 6-30-04
	Balance 7-01-03	Additions	Deletions	Balance 7-01-03	Additions	Deletions	
Land	\$ 252,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 252,500
Buildings	1,734,496	0	0	289,081	43,362	0	1,402,053
Site Improvements	69,631	0	0	15,916	1,990	0	51,725
Furniture and fixtures	55,468	0	0	55,468	0	0	0
Maintenance equipment	8,735	0	0	8,735	0	0	0
Computer equipment	1,940	0	0	1,940	0	0	0
Totals	\$ 2,122,770	\$ 0	\$ 0	\$ 371,140	\$ 45,352	\$ 0	\$ 1,706,278

Passman Plaza, Inc.

**Supporting Data Required by HUD
Statement of Gross Potential Rent
For the Year Ended June 30, 2004**

<u>Description of units</u>	<u>Number of Units</u>	<u>Monthly Rate</u>	<u>Total Monthly Amount</u>
Rent income - apartments			
One-bedroom	40	250.00	\$ 10,000
Two-bedroom	<u>1</u>	<u>0.00</u>	<u>\$ 0</u>
			X <u>11</u>
Sub-total			<u>\$ 110,000</u>
Rent income - apartments			
One-bedroom	40	* 260.00	\$ 10,400
Two-bedroom	<u>1</u>	<u>0.00</u>	<u>\$ 0</u>
			X <u>1</u>
Sub-total			<u>\$ 10,400</u>
Total Gross potential rent income			<u><u>\$ 120,400</u></u>

* Approved rent rate increased in June, 2004 from \$250 to \$260

Passman Plaza, Inc.

Supporting Data Required by HUD
Schedule of Funds In Financial Institutions
For the Year Ended June 30, 2004

Funds held by mortgagor, regular operating account:

1. Bank One - rental agency account	\$ 1,354 ¹
2. Regions Bank - construction account	<u>0¹</u>
Operating account, sub-total	<u>1,354¹</u>

Funds held by mortgagor in trust

1. Bank One - tenants security deposit, money market (variable)	<u>7,655¹</u>
2. Bank One - Money market escrow (variable)	<u>0¹</u>
Funds held in trust, sub-total	<u>7,655</u>

Restricted fund - donations

1. Bank One investment account	
U.S. Treasury bills (variable)	<u>30,053²</u>
U.S. Treasury security money market	<u>4,207²</u>
Funds held by mortgagor, total	<u>34,260</u>

Funds held by mortgagee (in trust)

1. Tax and insurance escrow, none	
2. Reserve fund for replacements	<u>96,362²</u>
Equipment reserve account - Bank One (variable)	
3. Residual receipts	
U.S. Treasury bills (variable)	<u>65,388²</u>
U.S. security money market	<u>2,711²</u>
Funds held by mortgagee, total	<u>68,099</u>
Total funds in financial institution	<u>\$ 207,730</u>

Balances confirmed by bank

Included in pooled investment account with Bank One, balance confirmed by Bank One.

Owner Passman Plaza Inc
 Reporting From 07/01/2003
 FHA/Contract Number(s) 064EE037

TIN 721291568
 Reporting To 06/30/2004
 Submission Type AUD A133

Assets			
Account	Description		Value
1120	Cash - Operations		\$ 1,354
1160	Accounts Receivable Interest		\$ 1,087
1200	Miscellaneous Prepaid Expenses		\$ 4,788
1100T	Total Current Assets		\$ 7,229
1191	Tenant/Patient Deposits Held in Trust		\$ 7,653
1320	Replacement Reserve		\$ 96,362
1340	Residual Receipts Reserve		\$ 68,099
1300T	Total Deposits		\$ 164,461
1410	Land		\$ 252,500
1420	Buildings		\$ 1,804,127
1450	Furniture for Project/Tenant Use		\$ 55,468
1470	Maintenance Equipment		\$ 8,735
1490	Miscellaneous Fixed Assets		\$ 1,040
1400T	Total Fixed Assets		\$ 2,122,770
1495	Accumulated Depreciation		\$ 416,492
1400N	Net Fixed Assets		\$ 1,706,278
1525	Cash Restricted for Long term Investment		\$ 34,260
1500T	Total Other Assets		\$ 34,260
1000T	Total Assets		\$ 1,919,883
Liabilities			
Account	Description		Value
2105	Bank Overdraft Operations		\$ 0
2110	Accounts Payable - Operations		\$ 303
2113	Accounts Payable Entity		\$ 5,619
2123	Accrued Management Fee Payable		\$ 1,360
2122T	Total Current Liabilities		\$ 7,482
2191	Tenant/Patient Deposits Held in Trust (Contra)		\$ 7,653
2320	Mortgage (or Bonds) Payable First Mortgage (or Bonds)		\$ 2,052,000
2300T	Total Long Term Liabilities		\$ 2,052,000
2000T	Total Liabilities		\$ 2,067,054
Net Assets			
Account	Description		Value
3131	Unrestricted Net Assets		\$ 147,171
3130	Total Net Assets		\$ 147,171
2033T	Total Liabilities and Equity/Net Assets		\$ 1,919,883

Rent Revenue		
Account	Description	Value
5120	Rent Revenue Gross Potential	\$ 76 889
5121	Tenant Assistance Payments	\$ 47 949
5100T	Total Rent Revenue	\$ 124 838
Vacancies		
Account	Description	Value
5220	Apartments	\$ 5 877
5200T	Total Vacancies	\$ 5 877
5152N	Net Rental Revenue (Rent Revenue Less Vacancies)	\$ 118 961
Financial Revenue		
Account	Description	Value
5410	Financial Revenue Project Operations	\$ 1 095
5440	Revenue from Investments Replacement Reserve	\$ 480
5490	Revenue from Investments Miscellaneous	\$ 474
Details Miscellaneous Revenue from Investments		
5490 010	Description	Interest on Restricted CASR
5490 020	Amount	\$ 474
5400T	Total Financial Revenue	\$ 2,049
5920	Tenant Charges	\$ 58
5990	Miscellaneous Revenue	\$ 5,198
Details Miscellaneous Revenue		
5990 010	Description	Cable TV
5990 020	Amount	\$ 4 996
Details Miscellaneous Revenue		
5990 010	Description	Maintenance and other
5990 020	Amount	\$ 202
5900T	Total Other Revenue	\$ 5 256
5000T	Total Revenue	\$ 126,260
6210	Advertising and Marketing	\$ 81
6310	Office Salaries	\$ 2,532
6311	Office Expenses	\$ 1,232
6320	Management Fee	\$ 16,320
6330	Manager or Superintendent Salaries	\$ 11 188
6350	Audit Expense	\$ 7,030
6351	Bookkeeping Fees/Accounting Services	\$ 1 675
6390	Miscellaneous Administrative Expenses	\$ 7,668
Details Miscellaneous Administrative Expenses		
6390 010	Description	Cable
6390 020	Amount	\$ 4 572
Details Miscellaneous Administrative Expenses		
6390 010	Description	Misc Admin
6390 020	Amount	\$ 3 096
6263T	Total Administrative Expenses	\$ 47 736
6450	Electricity	\$ 3 422
6451	Water	\$ 2 918
6452	Gas	\$ 887
6453	Sewer	\$ 1 543

6400T	Total Utilities Expense		\$ 8,770
Operating & Maintenance Expenses			
Account	Description		Value
6510	Payroll		\$ 8,872
6515	Supplies		\$ 6,078
6520	Contracts		\$ 9,153
6525	Garbage and Trash Removal		\$ 2,886
6546	Heating/Cooling Repairs and Maintenance		\$ 584
6570	Vehicle and Maintenance Equipment Operation and Repairs		\$ 566
6590	Miscellaneous Operating and Maintenance Expenses		\$ 985
Details Miscellaneous Operating and Maintenance Expenses			
6590 010	Description	Misc Operating Exp	
6590 020	Amount	\$ 985	
6500T	Total Operating and Maintenance Expenses		\$ 29,124
6711	Payroll Taxes (Project's Share)		\$ 4,799
6720	Property & Liability Insurance (Hazard)		\$ 6,382
6721	Fidelity Bond Insurance		\$ 52
6722	Workmen's Compensation		\$ 772
6723	Health Insurance and Other Employee Benefits		\$ 4,373
6700T	Total Taxes and Insurance		\$ 16,378
6900 Expenses			
Account	Description		Value
6900	Nursing Homes/Assisted Living/ Board & Care/Other Elderly Care Expenses		\$ 937
Operating Results			
Account	Description		Value
6000T	Total Cost of Operations before Depreciation		\$ 102,945
5060T	Profit (Loss) before Depreciation		\$ 23,321
6000	Depreciation Expenses		\$ 45,352
5060N	Operating Profit or (Loss)		\$ 22,031
Change in Net Assets from Operations			
Account	Description		Value
3247	Change in Unrestricted Net Assets from Operations		\$ 22,031
3250	Change in Total Net Assets from Operations		\$ 22,031
S1000 020	Total of 12 monthly deposits in the audit year into the Replacement Reserve account as required by the Regulatory Agreement even if payments may be temporarily suspended or reduced		\$ 16,800
S1100 060	Previous Year Unrestricted Net Assets		\$ 125,140
3247	Change in Unrestricted Net Assets from Operations		\$ 22,031
3131	Unrestricted Net Assets		\$ 147,171

\$1100 050	Previous Year Total Net Assets	\$ 125,140
3250	Change in Total Net Assets from Operations	\$ 22,031
3130	Total Net Assets	\$ 147,171

Cash Flow from Operating Activities

Account	Description	Value
\$1200 010	Rental Receipts	\$ 119,883
\$1200 020	Interest Receipts	\$ 2,627
\$1200 030	Other Operating Receipts	\$ 5,256
\$1200 040	Total Receipts	\$ 127,766
\$1200 050	Administrative	\$ 36,017
\$1200 070	Management Fee	\$ 16,320
\$1200 090	Utilities	\$ 8,770
\$1200 100	Salaries and Wages	\$ 8,872
\$1200 110	Operating and Maintenance	\$ 20,252
\$1200 140	Property Insurance	\$ 6,382
\$1200 150	Miscellaneous Taxes and Insurance	\$ 9,996
\$1200 160	Tenant Security Deposits	\$ 193
\$1200 220	Miscellaneous Financial	\$ 937
\$1200 230	Total Disbursements	\$ 107,353
\$1200 240	Net Cash provided by (used in) Operating Activities	\$ 20,413
\$1200 250	Net Deposits to the Reserve for Replacement account	\$ 17,279
\$1200 260	Net Deposits to the Residual Receipts account	\$ 1,916
\$1200 340	Other Investing Activities	\$ 136
\$1200 350	Net Cash used in Investing Activities	\$ 19,059
\$1200-470	Net increase (decrease) in Cash and Cash Equivalents	\$ 1,354

Cash and Cash Equivalents

Account	Description	Value
\$1200 480	Beginning of Period Cash	\$ 0
\$1200T	End of Period Cash	\$ 1,354

Reconciliation of Net Profit (Loss) to Net Cash Provided by (Used in) Operating Activities

Account	Description	Value
3250	Change in Total Net Assets from Operations	\$ 22,031

Adjustments to Reconcile Net Profit (Loss) to Net Cash Provided by (Used in) Operating Activities

Account	Description	Value
6600	Depreciation Expenses	\$ 45,352
\$1200 500	Decrease (increase) in Accounts Receivable Other	\$ 922
\$1200 510	Decrease (increase) in Accrued Receivable	\$ 578
\$1200 520	Decrease (increase) in Prepaid Expenses	\$ 441
\$1200 530	Decrease (increase) in Cash Restricted for Tenant Security Deposits	\$ 23
\$1200 540	Increase (decrease) in Accounts Payable	\$ 5,042
\$1200 580	Increase (decrease) in Tenant Security	\$ 216

Deposits held in trust

Net Cash provided by (used in) Operating Activities		
Account	Description	Amount
S1200 610	Net Cash provided by (used in) Operating Activities	\$ 20 413
S3100-010	Organization and Presentation Note	
S3100 040	Summary of Significant Accounting Policies Note	

Corporate Purpose The Corporation was organized without capital stock under Louisiana law on October 18, 1994 as a non profit corporation to provide housing for elderly and handicapped individuals pursuant to Section 202 of the National Housing Act, as amended. Membership in the Corporation is evidenced by certificates of membership and is limited to individuals who are members of the Board of Directors or other persons who have the approval of the Board of Directors of this Corporation.

Income Taxes The Corporation is qualified as an organization exempt from federal income taxes pursuant to Paragraph 501(c)(3) of the Internal Revenue Code therefore no provision for income taxes is necessary.

HUD Requirements The books of the Corporation are maintained in accordance with applicable HUD requirements. However for this report the financial statements are prepared on a generally accepted accounting principles basis. The assets, liabilities, and net assets reflected in these statements relate only to Passman Plaza, Inc. and no other assets, liabilities, or capital of the owners are reported herein.

Cash and Cash Equivalents For purposes of the statement of cash flows the Corporation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Fixed Assets Fixed assets are capitalized and depreciated over the estimated useful life of the asset. Public domain or infrastructures are capitalized (construction period interest is capitalized). All fixed assets costing more than \$500 are capitalized. An asset may be capitalized if its cost is less than \$500 if it is considered to have a long useful life.

Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

S3100 050 Mortgages (or Bond) Payable Note

NOTE 7 - MORTGAGE PAYABLE The Corporation is indebted to the U S Department of Housing and Urban Development for a mortgage on the building and improvements in the original amount of \$2,052,000. The mortgage note bears no interest and repayment is not required so long as housing remains available for at least forty years to very low income elderly persons as approved by HUD. If the Corporation should default under the above terms the entire principal sum shall at once become due and payable without notice. Interest per annum at 7% shall also become payable. Management anticipates the Corporation will remain available for low-income housing as approved by HUD for at least forty years. Therefore a maturity schedule of principal payments has not been included.

Details Mortgages Payable

S3100 060 Principal Payments in the next 12 months Year 1	\$ 0
S3100 070 Principal Payments in the next 12 months Year 2	\$ 0
S3100 080 Principal Payments in the next 12 months Year 3	\$ 0
S3100 090 Principal Payments in the next 12 months Year 4	\$ 0
S3100 100 Principal Payments in the next 12 months Year 5	\$ 0
S3100 110 Principal Payments remaining after Year 5	\$ 2,052,000

S3100 200 Related Party Transactions Note

NOTE 8 RELATED PARTY TRANSACTIONS The Corporation is liable to Monroe Housing Authority and Passman Plaza II Inc for expenses paid for repairs upkeep salaries and administrative costs in the amount of \$5,619. The Corporation is liable to Monroe Housing Authority for management fees of \$1,360 as of June 30, 2004.

Details Related Party Transactions

S3100 210 Company Name	Monroe Housing Authority
------------------------	--------------------------

S3100 220 Amount Received
Details Related Party Transactions
S3100 210 Company Name
S3100 220 Amount Received
S3100 230 Management Fee Note

\$ 3 268
Passman Plaza II Inc
\$ 2 351

S3100 240 Additional Note

NOTE 3 - RELATED PARTY TRANSACTIONS The Corporation is liable to Monroe Housing Authority and Passman Plaza II, Inc. for expenses paid for repairs upkeep salaries and administrative costs in the amount of \$5 619. The Corporation is liable to Monroe Housing Authority for management fees of \$1,360 as of June 30 2004.

NOTE 2 DEPOSITS AND INVESTMENTS At June 30 2004 the Corporation has cash and cash equivalents (book balances) as follows: Petty Cash \$50 Demand Deposit 1 304 Interest bearing demand deposits 104 017 Total deposits 105 371 Less demand deposits restricted 104 017 Total cash and cash equivalents \$1 354. Deposits are stated at cost which approximates fair value. Under state law these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledge securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At year end the Corporation's carrying amount of deposits was \$105 371 and the bank balance was \$106 801. The bank balance was covered by federal depository insurance or by collateral held by the Corporation's agent in the Corporation's name (GASB Category 1).

S3100 240 Additional Note

Investments are categorized into three categories of credit risk: 1 Insured or registered or securities held by the Corporation or its agent in the Corporation's name; 2 Uninsured and unregistered, with securities held by the counter party's trust department or agent in the Corporation's name; 3 Uninsured and unregistered, with securities held by the counter party or by its department or agent but not in the Corporation's name. At year end, the

S3100 240 Additional Note

Corporation investment balances included the following

Category	Carrying Amount	1	2	3	Fair Value
Total Carrying Amount					
Value Cost U S Treasury Securities					
\$102,359	\$0	\$0	\$102,359	\$0	\$102,359

NOTE 3 RESTRICTED DEPOSITS AND FUNDED RESERVES

Under the provisions of the regulatory agreement with HUD the Corporation is required to make monthly deposits to a reserve for replacement account for an annual total of \$16 800 Any disbursement from this account must be approved by HUD At June 30 2004 the reserve for replacements account amounted to \$96 362 Reserves for replacement account amounted to 96 362 00 Reserves for replacement account annual 16 800 00 The Corporation is also required under the regulatory agreement to compute surplus cash and deposit it into a Residual Receipts Reserve Any disbursements from this account require HUD approval There was no prior surplus to be deposited into a residual receipts account The balance of this fund at June 30 2004 amounted to \$68 099 Balance of fund at 06/30/2004 amounted to be 68 099 00 These deposits are restricted by regulatory agreement but not restricted as defined by Financial Accounting Standards Statement No 117 Therefore these deposits are classified as unrestricted

S3100 240 Additional Note

NOTE 4 - DEPOSITS HELD IN TRUST FUNDED

Tenants are required to pay a security deposit upon occupancy of an apartment To comply with HUD guidelines these security deposits are maintained in a separate bank account in the name of the Corporation which is limited to those transactions directly concerning the security deposits The tenant security deposits escrow account had a balance of \$7 655 at June 30 2004 at which time the Corporation was liable to tenants for security deposits of \$7,572

S3100 240 Additional Note

NOTE 5 FIXED ASSETS

Property and equipment are recorded at historical cost Depreciation is calculated using the straight line method over estimated useful lives ranging from five to 40 years Details of the lives cost accumulated depreciation and net

book value are as follows Estimated Useful
 Lives Cost Accumulated Depreciation Net
 Book Value 1410 Land (nondepreciable)
 \$252 500 0 \$252 500 1420 Buildings 40
 1 734 496 332 443 1 402 053 1430 Site
 improvements 15 69 631 17 906 51 725
 1450 Furniture and fixtures 5 55 468 55 468
 0 1470 Maintenance equipment 5 8 735
 8 735 0 1490 Computer equipment 5 1 940
 1 940 0 Total fixed assets \$2 122 770
 \$416 492 \$1,706 278

S3100 240 Additional Note

NOTE 8 - ACCOUNTS PAYABLE
MONROE HOUSING AUTHORITY AND
PASSMAN PLAZA II, INC The
 Corporation was liable to Monroe Housing
 Authority and Passman Plaza II, Inc for
 \$5 619 at June 30, 2004 This is the result of
 expenses paid by Monroe Housing
 Authority and Passman Plaza II, Inc for the
 repairs, upkeep salaries and administrative
 costs The Corporation reimburses Monroe
 Housing Authority and Passman Plaza II,
 Inc, periodically

S3100 240 Additional Note

NOTE 9 HOUSING ASSISTANCE
PAYMENTS CONTRACT (HAP) The
 Corporation entered into a HAP contract
 with HUD in March 1998 Under the terms
 of the HAP contract HUD will pay the
 difference between the contract (gross
 potential) rent and the portion of the rent
 payable by the tenants During the year
 ended June 30 2004 the HAP payments
 totaled \$47 949 and comprised 40 percent of
 the Corporation's net rental income

S3100 240 Additional Note

NOTE 10 CONTINGENCIES Grant
 Disallowances The Corporation participates
 in a Housing Authority assistance payment
 grant programs The program is subject to
 compliance audits under the single audit
 approach Such audits could lead to requests
 for reimbursement by the grantor agency for
 expenditures disallowed under terms of the
 grants Management believes that the
 amount of disallowances if any which may
 arise from future audits will not be material
Mortgage Note As reflected in Note 7 -
Mortgage Payable above, the Corporation is
 liable in the event of default of the
 agreement Management believes the
 property will continue to be available for
 low income elderly for the forty-year

requirement.

Report on the Financial Statement and on the Supplementary Schedule of Federal Awards

Account	Description	Value
S3400 020	Opinion	UNQUALIFIED
S3400 030	Opinion Explanation	In our opinion, the basic financial statements referred to above present fairly in all material respects the financial position of Passman Plaza Inc as of June 30 2004 and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Schedule of Expenditures of Federal Awards We have audited the basic financial statements of Passman Plaza Inc as of and for the year ended June 30 2004 and have issued our report thereon dated August 20, 2004. 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 purposes of additional analysis as required by OMB Circular No. 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.
S3400 050	Going Concern Issue	N

Report on Supplemental Data

Account	Description	Value
S3400 100	Opinion	UNQUALIFIED
S3400 110	Opinion Explanation	Our audit was performed for the purpose of forming an opinion on the basic financial statements of Passman Plaza, Inc taken as a whole. The accompanying supplemental information as listed in the table of contents is presented for purposes of additional analysis 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.

Report on Compliance and on Internal Control over Financial Reporting

Account	Description	Value
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S3500 020 Reportable Conditions Indicator N
 S3500 030 Material Weakness Indicator N
 S3500 040 Material Non-Compliance Indicator N

Report on Compliance Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Account	Description	Value
S3600 020	Reportable Conditions Indicator	N
S3600 030	Material Weakness Indicator	N

Schedule of Findings and Questioned Costs

Account	Description	Value
S3700 010	Indicator Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A 133	N
S3700 020	Dollar threshold used to distinguish between type A and type B programs	\$ 300 000
S3700 030	Low Risk Auditee Indicator	Y

Schedule of Reserve for Replacement

Account	Description	Value
1320P	Balance at Beginning of Year	\$ 79,083
1320DT	Total Monthly Deposits	\$ 16 800
1320INT	Interest on Replacement Reserve Accounts	\$ 479
1320	Balance at End of Year Confirmed by Mortgagee	\$ 96 362
1320R	Deposits Suspended or Waived Indicator	N

Schedule of Residual Receipts

Account	Description	Value
1340P	Balance at Beginning of Year	\$ 66 183
1340INT	Interest on Residual Receipt Accounts	\$ 1916
1340	Balance at Current Fiscal Year End	\$ 68 099

Computation of Surplus Cash, Distributions, and Residual Receipts (Annual)

Account	Description	Value
S1300 010	Cash	\$ 9 009
S1300 040	Total Cash	\$ 9 009
S1300 075	Accounts Payable - 30 days	\$ 7,482
2191	Tenant/Patient Deposits Held In Trust (Contra)	\$ 7 572
S1300 140	Total Current Obligations	\$ 15 054
S1300 150	Surplus Cash (Deficiency)	\$ 6 045
S1300 210	Deposit Due Residual Receipts	\$ 0

Schedule of Changes in Fixed Asset Accounts

Account	Description	Value
1410P	Beginning Balance for 1410	\$ 252 500
1410	Land	\$ 252,500
1420P	Beginning Balance for 1420	\$ 1,804 127
1420	Buildings	\$ 1,804,127
1450P	Beginning Balance for 1450	\$ 55 468
1450	Furniture for Project/Tenant Use	\$ 55,468
1470P	Beginning Balance for 1470	\$ 8 735
1470	Maintenance Equipment	\$ 8,735

1490P	Beginning Balance for 1490	\$ 1,940
1490	Miscellaneous Fixed Assets	\$ 1,940
1400PT	Total Beginning Balance for Fixed Assets	\$ 2,122,770
1400T	Total Fixed Assets	\$ 2,122,770
1495P	Beginning Balance for 1495	\$ 371,140
6000	Total Provisions	\$ 45,352
1495	Ending Balance for Accumulated Depreciation	\$ 416,492
1400N	Total Net Book Value	\$ 1,706,278
6953	Housekeeping Purchased Services	\$ 937

Details - Schedule of Expenditures of Federal Awards

S3300-020	Program Number	0
S3300-030	Name of Federal Agency	Department of Housing and Urban Development
S3300-040	Name of Federal Program	Section 8 Rental Certificates
S3300-050	CFDA Number	14.857
S3300-080	Federal Awards Expended	\$ 47,949
S3300-150	Opinion	UNQUALIFIED

Details - Schedule of Expenditures of Federal Awards

S3300-020	Program Number	6
S3300-030	Name of Federal Agency	Department of Housing and Urban Development
S3300-040	Name of Federal Program	Section 202 Outstanding HUD Loan
S3300-050	CFDA Number	14.157
S3300-080	Federal Awards Expended	\$ 2,052,000
S3300-150	Opinion	UNQUALIFIED

S3300-500	Total Federal Awards Expended	\$ 2,099,849
S3300-510	Note to the Schedule	

NOTE 1 - GENERAL This schedule presents the activity of all federal awards programs of Passman Plaza, Inc. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule. **NOTE 2 - BASIS OF ACCOUNTING** This schedule is presented using the accrual basis of accounting. **NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS** Federal awards revenues are reported in the Corporation's basic financial statements. **NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS** Amounts reported above agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

Mortgagor's Certification

Account	Description	Value
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S2900 010 Narrative

We hereby certify that we have examined the accompanying financial statements and supplemental information of Passman Plaza, Inc and to the best of our knowledge and belief the same is complete and accurate

S2900 020 Name of Signatory #1 Henry Bonner Jr
 S2900 025 Title of Certifying Official President
 S2900 030 Name of Signatory #2 Vickie Krutzer
 S2900 040 Auditee Telephone Number 318 329 1500
 S2900 050 Date of Certification 08/20/2004
 S2900 080 Auditee Name Passman Plaza, Inc
 S2900 090 Auditee Street Address Line 1 300 Harrison Street
 S2900-110 Auditee City Monroe
 S2900 120 Auditee State LA
 S2900 130 Auditee Zip Code 71201
 S2900 150 Auditee Contact Name Frank Wilcox
 S2900 160 Auditee Contact Title Executive Director
 S2900 170 Auditee Contact FAX Number 318 329 1397

Managing Agent's Certification

Agency	Description	Value
S3000 010 Narrative	We hereby certify that we have examined the accompanying financial statements and supplemental information of Passman Plaza, Inc and to the best of our knowledge and belief the same is complete and accurate	

S3000 020 Name of Managing Agent Monroe Housing Authority
 S3000 030 Name of Signatory Frank Wilcox
 S3000 040 Managing Agent TIN 72 6001704
 S3000 050 Name of Individual (i.e., Property Manager) Sue Wheeler

Auditor's Transmittal Letter

Agency	Description	Value
S3200 005 Audit Firm ID (UII)		95070
S3200 010 Audit Firm	Allen, Green & Company CPAs LLP	
S3200 020 Lead Auditor First Name	Margie	
S3200 040 Lead Auditor Last Name	Williamson	
S3200 045 Auditor Contact Title	Partner	
S3200 050 Auditor Street Address Line 1	2414 Ferrand Street	
S3200 060 Auditor Street Address Line 2	P O Box 6075	
S3200 070 Auditor City	Monroe	
S3200 080 Auditor State	LA	
S3200 090 Auditor Zip Code	71211	
S3200 100 Auditor Zip Code Extension	6075	
S3200 110 Telephone Number	318 388-4422	
S3200 120 Audit Firm TIN	721221121	
S3200 130 Date of Independent Auditor's Report	08/20/2004	

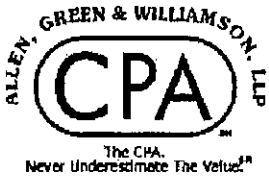
S3200-140 Auditor Contact FAX Number

318-388-4664

S3200-150 Auditor Contact E-mail

margie@allcpa.com

- end of statement -



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Tim Green, CPA

Margie Williamson, CPA

Ernest L. Allen, CPA

(Retired)

1963 - 2000

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

The Board of Directors
Passman Plaza, Inc.
Monroe, Louisiana

We have audited the financial statements of Passman Plaza, Inc., Monroe, Louisiana, HUD Project No. 064-EE037-WAH-NP-L8, as of and for the year ended June 30, 2004, and have issued our report thereon dated August 20, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Passman Plaza, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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.

Internal Control Over Financial Reporting

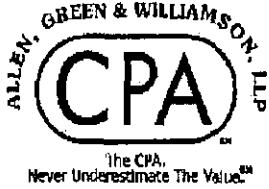
In planning and performing our audit, we considered Passman Plaza, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial 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 reportable 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 caused by error or fraud 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 solely for the information and use of the Board, management and HUD and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
August 20, 2004



ALLEN, GREEN & WILLIAMSON, LLP

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(Retired)
1963 - 2000

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular No. A-133

The Board of Directors
Passman Plaza, Inc.
Monroe, Louisiana

Compliance

We have audited the compliance of Passman Plaza, Inc., Monroe, Louisiana, HUD Project No. 064-EE037-WAH-NP-L8, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB Circular No. A-133) Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2004. Passman Plaza, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings 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 Passman Plaza, Inc.'s management. Our responsibility is to express an opinion on Passman Plaza, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular No. 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 Passman Plaza, 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 Passman Plaza, Inc.'s compliance with those requirements.

In our opinion, Passman Plaza, Inc., 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, 2004.

Internal Control Over Compliance

The management of Passman Plaza, 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 Passman Plaza, 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 No. 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 reportable 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 caused by error or fraud 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.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Passman Plaza, Inc., as of and for the year ended June 30, 2004, and have issued our report thereon dated August 20, 2004. 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 purposes of additional analysis as required by OMB Circular No. 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.

This report is intended solely for the information and use of the Board, management and HUD and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
August 20, 2004

Passman Plaza, Inc.

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	CFDA Number	Pass-Through Grantor No.	Expenditures
United States Department of Housing and Urban Development Direct Programs			
Section 8 Rental Certificates	14.857	064-EE037-WAH-NP-L8	\$47,949
Section 202 Outstanding HUD Loan	14.157	064-EE037-WAH-NP-L8	<u>2,052,000</u>
TOTAL			<u>\$2,099,949</u>

NOTE 1 - GENERAL This schedule presents the activity of all federal awards programs of Passman Plaza, Inc. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING This schedule is presented using the accrual basis of accounting.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS Federal awards revenues are reported in the Corporation's basic financial statements.

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported above agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

Passman Plaza, Inc.

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004**

PART I - Summary of the Auditors' Results

Financial Statement Audit

- i. The type of audit report issued was unqualified.
- ii. There were no reportable conditions required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States of America.
- iii. There were no instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statement.

Audit of Federal Awards

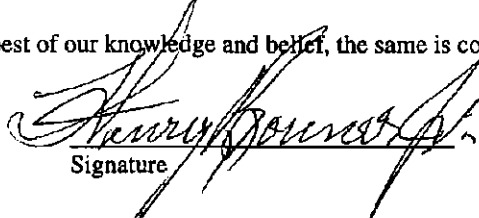
- iv. There were no reportable conditions required to be disclosed by OMB Circular No. A-133.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit did not disclose audit findings which the auditor is required to report under OMB Circular No. A-133, Section .510(a).
- vii. The major federal program is:
CFDA #14.157 Section 202 Outstanding HUD Loan
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular No. A-133, Section .520(b) was \$300,000.
- ix. The auditee does qualify as a low-risk auditee under OMB Circular No. A-133, Section .530.

Passman Plaza, Inc.

Mortgagor's Certification
June 30, 2004

We hereby certify that we have examined the accompanying financial statements and supplemental information of Passman Plaza, Inc., and to the best of our knowledge and belief, the same is complete and accurate.

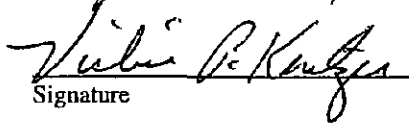
President
Title



Signature

10/21/04
Date

Vice-President
Title



Signature

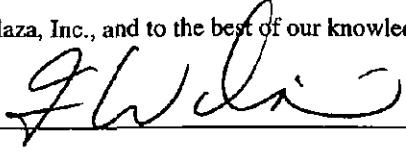
10-21-04
Date

Employer's Identification number
72-1291568

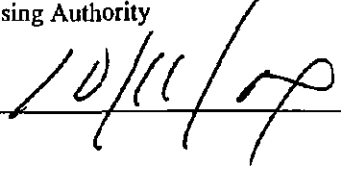
Passman Plaza, Inc.

**Management Agent's Certification
June 30, 2004**

We hereby certify that we have examined the accompanying financial statements and supplemental information of
Passman Plaza, Inc., and to the best of our knowledge and belief, the same is complete and accurate.



Signature
Mr. Frank Wilcox, Executive Director
Monroe Housing Authority



Date