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

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2002

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 2/26/03

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INDEPENDENT AUDITOR'S REPORT

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

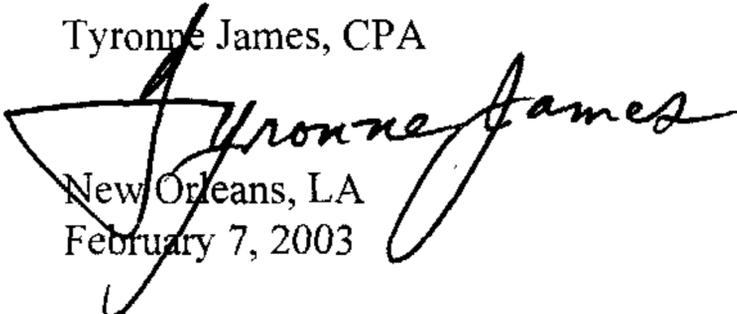
I have audited the accompanying statement of financial position of Orleans Metropolitan Housing & Community Development, Inc. (a nonprofit organization) as of June 30, 2002, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of Orleans Metropolitan Housing & Community Development, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards general 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Orleans Metropolitan Housing & Community Development, Inc. as of June 30, 2002, 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*, I have also issued a report dated February 7, 2003, on my consideration of Orleans Metropolitan Housing & Community Development, Inc.'s internal control over financial reporting and my tests of compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report considering the result of my audit.

Tyronne James, CPA


New Orleans, LA
February 7, 2003

ORLEANS METROPOLITAN HOUSING & COMMUNITY DEVELOPMENT, INC.

**STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2002**

ASSETS

Current Assets

Cash \$ 289

TOTAL CURRENT ASSETS 289

Fixed Assets (Note 2)

Buildings and Improvements 148,415

Office Equipment 15,070

Accumulated Depreciation (91,960)

TOTAL FIXED ASSETS 71,525

Other Assets

Deposits- Administration 1,320

Deposits- Weatherization 339

TOTAL OTHER ASSETS 1,659

TOTAL ASSETS \$ 73,473

LIABILITIES AND NET ASSETS

LIABILITIES

Current Liabilities

Social Security Taxes Payable \$ 2,468

State Withholding Taxes Payable 499

Current Portion of Mortgage Payable (Note 4) 3,217

TOTAL CURRENT LIABILITIES 6,184

Non-Current Liabilities

Long-term Portion of Mortgage Payable (Note 4) 25,435

TOTAL LIABILITIES 31,619

NET ASSETS

Net Assets 41,854

TOTAL LIABILITIES AND NET ASSETS \$ 73,473

See Accompanying Notes to the Financial Statements

ORLEANS METROPOLITAN HOUSING & COMMUNITY DEVELOPMENT, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2002**

REVENUES

Grant Revenue \$ 162,422

TOTAL REVENUES 162,422

EXPENSES

Program Services

Materials 2,850
Salaries 90,967
Contract Labor 39,168
Insurance 1,645

Support Services

Payroll Tax (180)
Accounting 5,810
Professional and Legal 4,500
Office Supplies 3,249
Bank Charges 594
Postage & Freight 74
Depreciation Expense 6,065
Interest Expense 1,791
Utilities & Telephone 8,643

TOTAL EXPENSES 165,176

DECREASE IN NET ASSETS (2,754)

BEGINNING NET ASSETS 44,608

ENDING NET ASSETS \$ 41,854

See Accompanying Notes to the Financial Statements.

ORLEANS METROPOLITAN HOUSING & COMMUNITY DEVELOPMENT, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2002**

CASH FLOWS FROM OPERATING ACTIVITIES:

Decrease in Net Assets	\$ (2,754)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation Expense	6,065
(Increase) decrease in operation assets:	
Due From Administration	10,745
Increase (Decrease) in operating liabilities:	
Due From Administration	(10,745)
Withholding Taxes Payable	<u>(1,004)</u>
Net Cash Provided by Operating Activities	2,307

CASH FLOWS FROM FINANCING ACTIVITIES:

Payment of Mortgage Payable	<u>(2,863)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(556)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>845</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 289</u>

SUPPLEMENTAL DISCLOSURES

Interest paid during the year \$ 1,791

There were no noncash investing and financing activities during the year.

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

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2002

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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

Basis of Accounting

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

Cash and Cash Equivalents

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

Property, Plant and Equipment

Property and equipment are carried at cost. Depreciation is computed using the straight-line method over estimated useful lives ranging from five years for furniture and equipment to twenty years for building & improvements. Depreciation was \$6,065 for the year ended June 30, 2002.

Income Taxes

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principals requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2002

2. PROPERTY, PLANT & EQUIPMENT

Property, Plant & Equipment consist of the following at June 30, 2002:

Land	\$ 27,111
Building and Improvements	121,304
Furniture, Fixtures, and Equipment	<u>15,070</u>
 Total Property, Plant & Equipment	 163,485
 Less Accumulated Depreciation	 <u>(91,960)</u>
 Net Property, Plant & Equipment	 <u>\$ 71,525</u>

3. GRANTS

OMH is the recipient of a grant from the Governor's Office of Urban Affairs & Development.

4. MORTGAGES PAYABLE

Mortgages Payable consisted of the following:

Owner financed property located at 2225-2227 Willow St. Purchase price \$39,000, Down payment \$7,800 12% interest, Original note \$31,200	<u>Balance</u> \$ 12,714
 American Securities Bank financed property located at 936 Jackson Ave. Purchase price \$19,885 9.375% interest, Original note \$19,885	 <u>15,938</u>
Total	<u>\$ 28,652</u>

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

Year ended <u>June 30,</u>	
2003	\$ 3,217
2004	3,616
2005	3,747
2006	4,312
2007	4,865
Thereafter	<u>8,895</u>
	<u>\$ 28,652</u>

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

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2002

5. ECONOMIC DEPENDENCY

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

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

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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
Orleans Metropolitan Housing & Community Development, Inc.

I have audited the financial statement of Orleans Metropolitan Housing & Community Development, Inc. (a nonprofit organization) as of and for the year ended June 30, 2002, and have issued my report thereon dated February 7, 2003. I conducted my 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.

Compliance

As part of obtaining reasonable assurance about whether Orleans Metropolitan Housing & Community Development, Inc.'s (OMH) financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and according, I do not express such an opinion. The results of my tests disclosed two instances of noncompliance that are required to be reported under *Government Audit Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2002-1 and 2002-2.

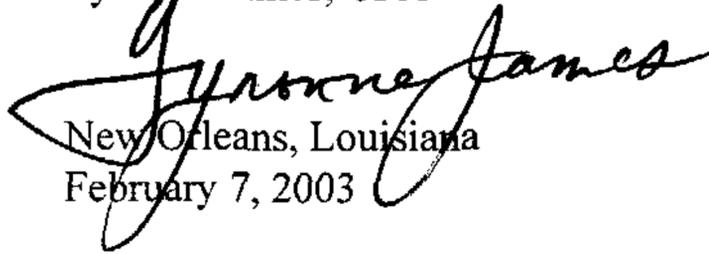
Internal Control Over Financial Reporting

In planning and performing my audit, I considered OMH's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted one 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 the organization'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 as item 2002-1. 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 over financial reporting that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I consider the reportable condition described above to be a material weakness.

This report is intended solely for the information and use of the board of directors, management, the Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Tyronne James, CPA



New Orleans, Louisiana
February 7, 2003

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2002

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Orleans Metropolitan Housing & Community Development, Inc.
2. One reportable condition is reported in the "Report on Compliance And On Internal Control Over Financial Reporting Based on An Audit Of Financial Statements Performed in Accordance with *Government Auditing Standards*."
3. One instance of noncompliance material to the general purpose financial statements of Orleans Metropolitan Housing & Community Development, Inc. was disclosed during the audit.

B. FINANCIAL STATEMENT FINDINGS

2002-1 Statement of Cash Flows Not Prepared

Condition: The statement of cash flows was not prepared.

Cause: The organization did not prepare the statement of cash flows.

Criteria: *SFAS No. 117, Financial Statements of Not-for-Profit Organizations* requires that a complete set of financial statements include a statement of financial position, a statement of activities, a statement of cash flows, and notes to the financial statements.

Effect: Financial statements are not prepared in accordance with accounting principles generally accepted in the United States of America.

Recommendation: I recommend that the organization maintain its financial records in accordance with accounting principles generally accepted in the United States of America so that timely completion of the audit can be facilitated.

Management
Corrective

Action Plan: Management intends to maintain financial records in compliance with the appropriate criteria in order to ensure timely completion of the audit.

2002-2 Audit Not Completed Timely

Condition: Audit was not timely completed and submitted to the Office of the Legislative Auditor.

Cause: Because the statement of cash flows was not completed, the audit was not completed timely.

Criteria: State law requires that the audit reporting package must be submitted to the Legislative Auditor within six months of the close of the Organization's fiscal year.

Effect: Noncompliance with state law.

Recommendation: I recommend that the organization maintain its financial records in accordance with *SFAS No. 117, Financial Statements of Not-for-Profit Organizations* so that timely completion of the audit can be facilitated.

Management
Corrective

Action Plan: Management intends to maintain financial records in compliance with the appropriate criteria in order to ensure timely completion of the audit.

C. PRIOR YEAR AUDIT FINDING

There were no prior year audit findings.