

05 SEP -7 11:13

LOUISIANA DISABLED PERSONS FINANCE CORPORATION
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
PROJECT NUMBER 064-EH139/LA48-T841-013
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
Years Ended June 30, 2005 and 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 9-14-05

CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	3-4
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	5-6
STATEMENTS OF ACTIVITIES	7
STATEMENTS OF CASH FLOWS	8-9
NOTES TO FINANCIAL STATEMENTS	10-13
SUPPLEMENTARY INFORMATION REQUIRED BY THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	
SUPPORTING DATA REQUIRED BY THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	15-18
SCHEDULE OF CHANGES IN FIXED ASSET ACCOUNTS	19
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	20
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	21-22
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	23-24
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	25
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	26
CERTIFICATION OF PROJECT OWNER	27
MANAGEMENT AGENT'S CERTIFICATION	28



GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.
RICHARD W. CASIDAY, C.P.A.
RAYMOND GUILLORY, JR., C.P.A.
GRAHAM A. PORTUS, E.A.
COY T. VINCENT, C.P.A.
MICHELLE BOURNE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.

JULIA W. PORTUS, C.P.A.
MELONIE H. HIMEL, C.P.A.

July 20, 2005

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Louisiana Disabled Persons
Finance Corporation
Lake Charles, Louisiana

We have audited the accompanying statements of financial position of Louisiana Disabled Persons Finance Corporation (a nonprofit organization), HUD Project No. 064-EH139/LA48-T841-013 as of June 30, 2005 and 2004, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibilities of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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. 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Disabled Persons Finance Corporation as of June 30, 2005 and 2004 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* and the *Consolidated Audit Guide for Audits of HUD Programs* issued by the U.S. Department of Housing and Urban Development, we have also issued our report dated July 20, 2005, on our consideration of the Corporation's internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants and our report dated July 20, 2005, on its compliance with requirements applicable to each major HUD program and internal control over compliance in accordance with OMB Circular A-133. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information required by the U.S. Department of Housing and Urban Development on pages 14 through 19 is presented for the purpose of additional analysis and is not a required part of the basic financial statements of Louisiana Disabled Persons Finance Corporation. 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 audits 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.

Gragson, Casiday & Guillory

Federal Employer ID #72-0949580
Lead Auditor: Coy T. Vincent, CPA

LOUISIANA DISABLED PERSONS FINANCE CORPORATION

U.S. DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT PROJECT NUMBER 064-EH139/LA48-T841-013

STATEMENTS OF FINANCIAL POSITION

June 30, 2005 and 2004

HUD Account		2005	2004
	ASSETS		
	CURRENT ASSETS		
1120	Cash	\$ 14,021	\$ 13,474
1130	Accounts receivable -- tenants	150	117
1200	Prepaid expenses	<u>945</u>	<u>1,018</u>
1100T	TOTAL CURRENT ASSETS	15,116	14,609
	RESTRICTED DEPOSITS AND FUNDED RESERVES		
1191	Tenant security deposits	1,641	1,641
1320	Reserve for replacements	<u>12,804</u>	<u>18,552</u>
		14,445	20,193
	PROPERTY AND EQUIPMENT		
1420	Buildings	530,689	530,689
1465	Fixed equipment	22,947	22,947
1440	Portable equipment	<u>19,977</u>	<u>19,977</u>
1400T		573,613	573,613
1495	Less accumulated depreciation	<u>312,474</u>	<u>293,778</u>
		261,139	279,835
1410	Land	<u>56,696</u>	<u>56,696</u>
1400N		<u>317,835</u>	<u>336,531</u>
1000T		<u>\$ 347,396</u>	<u>\$ 371,333</u>

See accompanying notes to financial statements.

LIABILITIES AND NET ASSETS (DEFICIT)

HUD <u>Account</u>		<u>2005</u>	<u>2004</u>
	CURRENT LIABILITIES		
2170	Current portion of mortgage payable	\$ 6,729	\$ 6,151
2110	Accounts payable	27,786	24,373
2130	Accrued interest payable	4,089	4,136
2190-010	Due to affiliate	<u>31,400</u>	<u>31,400</u>
2122T	TOTAL CURRENT LIABILITIES	70,004	66,060
2191	TENANTS' SECURITY DEPOSITS	1,641	1,641
2320	MORTGAGE NOTE PAYABLE, less current portion	538,527	545,256
3131	NET ASSETS (DEFICIT)	<u>(262,776)</u>	<u>(241,624)</u>
2033T		<u>\$ 347,396</u>	<u>\$ 371,333</u>

LOUISIANA DISABLED PERSONS FINANCE CORPORATION

U.S. DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT PROJECT NUMBER 064-EH139/LA48-T841-013

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2005 and 2004

HUD Account		2005	2004
	REVENUES		
5121	Housing assistance payments	\$ 49,149	\$ 47,808
5120	Rental	50,643	50,810
5990	Other	<u>874</u>	<u>819</u>
5000T	TOTAL REVENUES	100,666	99,437
	EXPENSES		
6263T	Administrative	5,780	5,862
6320	Management fees	4,752	4,693
6400T	Utilities	16,985	17,483
6500T	Operating and maintenance	11,037	13,864
6600	Depreciation	18,696	19,171
6700T	Insurance	15,237	17,036
6820	Interest	<u>49,331</u>	<u>49,863</u>
	TOTAL EXPENSES	<u>121,818</u>	<u>127,972</u>
5060N	CHANGE IN NET ASSETS	(21,152)	(28,535)
51100-050	NET ASSETS (DEFICIT), BEGINNING OF YEAR	<u>(241,624)</u>	<u>(213,089)</u>
3130	NET ASSETS (DEFICIT), END OF YEAR	<u>\$ (262,776)</u>	<u>\$ (241,624)</u>

See accompanying notes to financial statements.

LOUISIANA DISABLED PERSONS FINANCE CORPORATION

U.S. DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT PROJECT NUMBER 064-EH139/LA48-T84-013

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2005 and 2004

HUD
Account

		<u>2005</u>	<u>2004</u>
	CASH FLOWS FROM OPERATING ACTIVITIES		
S1200-010	Housing assistance payments	\$ 49,149	\$ 47,808
S1200-010	Rental	50,610	50,810
S1200-030	Other income	<u>874</u>	<u>819</u>
S1200-040		100,633	99,437
S1200-050	Administrative	1,280	5,862
S1200-070	Management fees	4,752	1,980
S1200-090	Utilities	16,985	17,483
S1200-110	Operating and maintenance	8,037	5,645
S1200-140	Insurance	19,251	5,977
S1200-180	Interest	<u>49,378</u>	<u>49,905</u>
S1200-230		<u>99,683</u>	<u>86,852</u>
S1200-240	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	950	12,585
	CASH FLOWS FROM INVESTING ACTIVITIES		
S1200-250	Net Deposits to reserve for replacement and interest retained in account	5,748	(1,532)
	CASH FLOWS FROM FINANCING ACTIVITIES		
S1200-360	Mortgage principal payments	<u>(6,151)</u>	<u>(5,625)</u>
S1200-470	NET INCREASE (DECREASE) IN CASH	547	5,428
S1200-480	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>13,474</u>	<u>8,046</u>
S1200T	CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 14,021</u>	<u>\$ 13,474</u>

Continued

See accompanying notes to financial statements.

LOUISIANA DISABLED PERSONS FINANCE CORPORATION

U.S. DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT PROJECT NUMBER 064-EH139/LA48-T841-013

STATEMENTS OF CASH FLOWS - CONTINUED

Years Ended June 30, 2005 and 2004

HUD
Account

		2005	2004
	CASH FLOWS FROM OPERATING ACTIVITIES		
3250	Decrease in net assets	\$ (21,152)	\$ (28,535)
	Adjustments to reconcile decrease in net assets to net cash provided (used) by operating activities		
6600	Depreciation and amortization	18,696	19,171
	Changes in assets and liabilities:		
S1200-500	(Increase) decrease in accounts receivable	(33)	(50)
S1200-520	(Increase) decrease in prepaid expenses	73	(451)
S1200-540	Increase (decrease) in accounts payable	3,413	22,491
S1200-570	Increase (decrease) in accrued interest	<u>(47)</u>	<u>(41)</u>
		<u>22,102</u>	<u>41,120</u>
S1200-610	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 950</u>	<u>\$ 12,585</u>

See accompanying notes to financial statements.

LOUISIANA DISABLED PERSONS FINANCE CORPORATION
U.S. DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT PROJECT NUMBER 064-EH139/LA48-T841-013

NOTES TO FINANCIAL STATEMENTS

June 30, 2005 and 2004

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Louisiana Disabled Persons Finance Corporation (the Corporation) is presented to assist in understanding the Corporation's financial statements. The financial statements and notes are representations of the Corporation's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

1. Organization

Louisiana Disabled Persons Finance Corporation was organized as a nonprofit organization formed to acquire and operate an apartment project, located in Lake Charles, Louisiana, under the provisions of Section 221(d)(4) of the National Housing Act. The Corporation acquired the apartment project on July 1, 1989 and rents apartments to mentally and physically-handicapped individuals in Southwest Louisiana. A portion of the tenants' rents are subsidized by the U.S. Department of Housing and Urban Development (HUD).

2. 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 statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Financial Statement Presentation

The Corporation has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Corporation is required to report information regarding the nature and amount of its net assets. The Corporation has discontinued its use of fund accounting and, accordingly, has reclassified its financial statements to present net assets. None of the Corporation's net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as unrestricted net assets under SFAS No. 117.

LOUISIANA DISABLED PERSONS FINANCE CORPORATION
U.S. DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT PROJECT NUMBER 064-EH139/LA48-T841-013

NOTES TO FINANCIAL STATEMENTS

June 30, 2005 and 2004

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4. Depreciation

Property and equipment is stated at cost. Depreciation is provided for in amounts sufficient to relate the cost of assets to operations over the following estimated useful lives on the straight-line method.

	<u>Years</u>
Building	5-30
Fixed equipment	15
Portable equipment	5

The property and equipment of the Organization may not be disposed of without the prior approval of HUD.

5. Income Taxes

The Corporation is a nonprofit organization generally not subject to income taxes according to the provisions of Federal Internal Revenue Code Section 501(c)3 and Louisiana State income tax laws and regulations and, in accordance with an Internal Revenue Service determination letter dated December 13, 1999, is not a private foundation as defined in Federal Internal Revenue Code Section 509(a)(i).

6. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include time deposits and all highly liquid debt instruments with original maturities of three months or less.

7. Reserve for Replacements

The Corporation is required by HUD to establish a separate reserve fund in a federally insured depository. The Corporation must make monthly deposits of \$171.75 into the reserve fund. The funds may only be used after approval is obtained from HUD.

LOUISIANA DISABLED PERSONS FINANCE CORPORATION
 U.S. DEPARTMENT OF HOUSING AND URBAN
 DEVELOPMENT PROJECT NUMBER 064-EH139/LA48-T841-013

NOTES TO FINANCIAL STATEMENTS

June 30, 2005 and 2004

NOTE B - MORTGAGE NOTE PAYABLE

U.S. Department of Housing and Urban Development: First mortgage note, insured by the U.S. Department of Housing and Urban Development; secured by property and equipment, payable in monthly installments of principal and interest of \$4,627 (including interest at 9% per annum) to the year 2029	\$ 545,256
Less current maturities	<u>6,729</u>
	<u>\$ 538,527</u>

The following are maturities of long-term debt for each of the next five years:

June 30, 2006	\$ 6,729
June 30, 2007	7,361
June 30, 2008	8,051
June 30, 2009	8,806
June 30, 2010	9,632

On April 8, 2002 the Corporation made an application to the U.S. Department of Housing and Urban Development (HUD) for prepayment of the entire loan balance. HUD has yet to reply to this request. The funding of the prepayment will come from the sale of the project to Calcasieu Association for Retarded Citizens (CARC), a related party. CARC has signed a use agreement with HUD that if the sale is completed that CARC will abide by HUD regulations, as they apply to this project, and the continued Section 8 contract.

NOTE C - COMMITMENTS AND CONTINGENCIES

Louisiana Disabled Persons Finance Corporation receives a substantial amount of its support from the U.S. Department of Housing and Urban Development. A significant reduction in the level of this support, if this were to occur, may have a material effect on the Corporation's programs and activities.

LOUISIANA DISABLED PERSONS FINANCE CORPORATION
U.S. DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENTAL PROJECT NUMBER 064-EH139/LA48-T841-013

NOTES TO FINANCIAL STATEMENTS

June 30, 2005 and 2004

NOTE D - RELATED PARTY TRANSACTIONS

The Corporation shares a common Board of Directors with Calcasieu Association for Retarded Citizens, Inc. (CARC). Any change in the relationship of these organizations could result in changes in financial position significantly different from that reported in these financial statements.

Included in the financial statements for June 30, 2005 and 2004 is a liability to CARC of \$31,400, representing amounts advanced by CARC for operations in previous years. Also, included in accounts payable at June 30, 2005 and 2004 are expenses totaling \$27,786 and \$24,373, respectively, which have been paid by CARC but were not yet reimbursed as of the date of the balance sheets. These amounts are due on demand by CARC.

CARC acts as the Corporation's management agent and, as such, provides a substantial amount of support to the Corporation for a management fee based on 5% of the Corporation's residential income from the apartment complex. For the years ended June 30, 2005 and 2004, CARC's management fees were \$4,752 and \$4,693, respectively.

NOTE E - CONCENTRATIONS

The Corporation's operations are concentrated in the real estate market. In addition, the Corporation operates in a heavily regulated environment. The operations of the Corporation are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

NOTE F - RENT INCREASES

Under the regulatory agreement, the Corporation may not increase rents charged to tenants without HUD approval.

SUPPLEMENTARY INFORMATION REQUIRED BY THE U.S. DEPARTMENT
OF HOUSING AND URBAN DEVELOPMENT

LOUISIANA DISABLED PERSONS FINANCE CORPORATION

U.S. DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT PROJECT NUMBER 064-EH139/LA48-T841-013

SUPPORTING DATA REQUIRED BY THE U.S. DEPARTMENT
OF HOUSING AND URBAN DEVELOPMENT

Year Ended June 30, 2005

Accounts and notes receivable (other than from regular tenants):

None \$ -0-

Delinquent tenant accounts receivable:

Delinquent 30 days \$ -0-

Mortgage escrow deposits:

None \$ -0-

Tenants' security deposits:

Tenants' security deposits are held in a separate bank account in the name of the project by First Federal Savings and Loan Association, Lake Charles, Louisiana. At June 30, 2005, the account consisted of \$1,662 in cash. Interest earned on the account does not inure to the tenants.

Reserve for replacements:

In accordance with the provision of the Regulatory Agreement, restricted cash is held by First Federal Savings and Loan Association to be used for replacement of property with the approval of HUD as follows:

HUD		
<u>Account</u>		
1320P	Balance, June 30, 2004	\$ 18,552
1320DT	Deposits	2,061
1320INT	Interest earned	36
1320WT	Disbursements	<u>(7,845)</u>
1320	Balance, June 30, 2005	<u>\$ 12,804</u>

Continued

LOUISIANA DISABLED PERSONS FINANCE CORPORATION
U.S. DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT PROJECT NUMBER 064-EH139/LA48-T841-013
SUPPORTING DATA REQUIRED BY THE U.S. DEPARTMENT
OF HOUSING AND URBAN DEVELOPMENT

Year Ended June 30, 2005

Accounts payable (other than trade creditors):

As of June 30, 2005, accounts payable totaled \$27,786 and were for miscellaneous supplies and repairs.

Management fees payable:

None

Accrued taxes:

As of June 30, 2005, there were no accrued taxes.

Loans (other than insured mortgages) and notes payable:

None

Comments on statement of position:

None

Compensation of officers:

There was no compensation of officers for the year ended June 30, 2005.

Identity-of-interest companies:

None

Donations, Subsidy Payments and Founder's Fees:

Amounts received during the year ended June 30, 2005 are as follows:

Section 8 rent subsidy	<u>\$ 49,149</u>
------------------------	------------------

Changes in ownership interests:

Not applicable

Continued

LOUISIANA DISABLED PERSONS FINANCE CORPORATION
U.S. DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT PROJECT NUMBER 064-EH139/LA48-T841-013
SUPPORTING DATA REQUIRED BY THE U.S. DEPARTMENT
OF HOUSING AND URBAN DEVELOPMENT

Year Ended June 30, 2005

Distributions paid to the owners:

Not applicable

Unauthorized distributions paid to the owners:

Not applicable

Continued

LOUISIANA DISABLED PERSONS FINANCE CORPORATION
 U.S. DEPARTMENT OF HOUSING AND URBAN
 DEVELOPMENT PROJECT NUMBER 064-EH139/LA48-T841-013
 SUPPORTING DATA REQUIRED BY THE U.S. DEPARTMENT
 OF HOUSING AND URBAN DEVELOPMENT

Year Ended June 30, 2005

Computation of surplus cash, distributions, and residual receipts - annual

HUD		
<u>Account</u>		
S1300-010	Cash	<u>\$ 15,662</u>
	Current Obligations:	
S1300-050	Accrued mortgage interest payable	4,089
S1300-075	Accounts payable due within 30 days	27,786
S1300-080	Loans and notes payable due within 30 days	538
S1300-110	Due to affiliate	31,400
2191	Tenant security deposits	<u>1,641</u>
	Total Current Obligations	<u>65,454</u>
S1300-150	Surplus Cash (Deficiency)	<u>\$ (49,792)</u>

LOUISIANA DISABLED PERSONS FINANCE CORPORATION

U.S. DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT PROJECT NUMBER 064-EH139/LA48-T841-013

SCHEDULE OF CHANGES IN FIXED ASSET ACCOUNTS

Year Ended June 30, 2005

HUD Account	Fixed Assets	Assets			
		Balance June 30, 2004	Additions	Transfers Retirements	Balance June 30, 2005
1420	Buildings	\$ 530,689	\$ -	\$ -	\$ 530,689
1465	Fixed equipment	22,947	-	-	22,947
1440	Portable equipment	<u>19,977</u>	-	-	<u>19,977</u>
	TOTAL DEPRECIABLE PROPERTY	573,613	-	-	573,613
1410	Land	<u>56,696</u>	-	-	<u>56,696</u>
1400T	Total fixed assets	<u>\$ 630,309</u>	<u>\$ -</u>	<u>\$ -</u>	630,309
1495	Accumulated depreciation	<u>\$ 293,778</u>	<u>\$ 18,696</u>	<u>\$ -</u>	<u>312,474</u>
1400N	Net fixed assets				<u>\$ 317,835</u>

LOUISIANA DISABLED PERSONS FINANCE CORPORATION
U.S. DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT PROJECT NUMBER 064-EH139/LA48-T841-013

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2005

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures/Loan Balance</u>
U.S. Department of Housing and Urban Development Section 202 Direct Loan	N/A	\$ 545,256
Section 8 Housing Assistance Payments	14.195	<u>49,149</u>
Total		<u>\$ 594,405</u>

NOTE A – BASIS OF PRESENTATION

The schedule of expenditures of federal awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.
RICHARD W. CASIDAY, C.P.A.
RAYMOND GUILLORY, JR., C.P.A.
GRAHAM A. PORTUS, E.A.
COY T. VINCENT, C.P.A.
MICHELLE BOURNE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.

JULIA W. PORTUS, C.P.A.
MELONIE H. HIMEL, C.P.A.

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

July 20, 2005

The Board of Directors
Louisiana Disabled Persons
Finance Corporation
Lake Charles, Louisiana

We have audited the financial statements of Louisiana Disabled Persons Finance Corporation, HUD Project No. 064-EH139/LA48-T841-013 as of and for the year ended June 30, 2005, and have issued our report dated July 20, 2005. 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.

Compliance

As part of obtaining reasonable assurance about whether Louisiana Disabled Persons Finance Corporation's financial statements are free of material misstatement, we performed *tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial 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 Louisiana Disabled Persons Finance Corporation'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 assurance 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 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

July 20, 2005
Page Two

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 of management, board of directors and federal awarding agencies 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.

Gragson Casiday & Guillory



GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.
RICHARD W. CASIDAY, C.P.A.
RAYMOND GUILLORY, JR., C.P.A.
GRAHAM A. PORTUS, E.A.
COY T. VINCENT, C.P.A.
MICHELLE BOURNE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.

JULIA W. PORTUS, C.P.A.
MELONIE H. HIMEL, C.P.A.

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

July 20, 2005

The Board of Directors
Louisiana Disabled Persons
Finance Corporation
Lake Charles, Louisiana

Compliance

We have audited the compliance of Louisiana Disabled Persons Finance Corporation, HUD Project No. 064-EH139/LA48-T841-013 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 its major federal program for the year ended June 30, 2005. The Corporation's major federal program is 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 the Corporation's management. Our responsibility is to express an opinion on the Corporation'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 A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular 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 Louisiana Disabled Persons Finance Corporation'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 the Corporation's compliance with those requirements.

In our opinion, Louisiana Disabled Persons Finance Corporation complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2005.

July 20, 2005

Page Two

Internal Control Over Compliance

The management of Louisiana Disabled Persons Finance Corporation 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 the Corporation'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 A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of management, board of directors and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Gragson Casiday & Guillory

LOUISIANA DISABLED PERSONS FINANCE CORPORATION

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
PROJECT NUMBER 064-EH139/LA48-T841-013

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2005

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Louisiana Disabled Persons Finance Corporation.
2. No material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance were identified during the audit of the financial statements.
4. No material weaknesses were identified during the audit of the major federal award program.
5. The auditors' report on compliance for the major federal award programs for Louisiana Disabled Persons Finance Corporation expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for Louisiana Disabled Persons Finance Corporation.
7. The program tested as the only major program was Section 202 Direct Loan.
8. The threshold for distinguishing Types A and B programs was \$500,000.
9. Louisiana Disabled Persons Finance Corporation was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

NONE

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT

NONE

LOUISIANA DISABLED PERSONS FINANCE CORPORATION
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
PROJECT NUMBER 064-EH139/LA48-T841-013

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2005

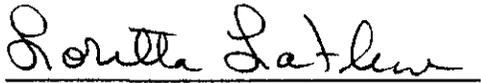
There were no prior year findings.

LOUISIANA DISABLED PERSONS FINANCE CORPORATION
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
PROJECT NUMBER 064-EH139/LA48-T841-013

CERTIFICATION OF PROJECT OWNER

Year Ended June 30, 2005

We hereby certify that we have examined the accompanying financial statements and supplemental data of Louisiana Disabled Persons Finance Corporation, and to the best of our knowledge and belief, the same is complete and accurate.



Loretta LaFleur
Finance Director



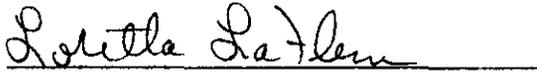
Howard Stroud, Jr., Ed.D.
Executive Director
Corporation EIN 72-0979554

LOUISIANA DISABLED PERSONS FINANCE CORPORATION
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
PROJECT NUMBER 064-EH139/LA48-T841-013

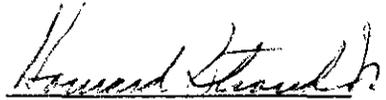
MANAGEMENT AGENT'S CERTIFICATION

Year Ended June 30, 2005

We hereby certify that we have examined the accompanying financial statements and supplemental data of Louisiana Disabled Persons Finance Corporation, and to the best of our knowledge and belief, the same is complete and accurate.



Loretta LaFleur
Finance Director
Calcasieu Association for
Retarded Citizens, Inc.
72-0946698



Howard Stroud, Jr., Ed.D.
Executive Director
Calcasieu Association for
Retarded Citizens, Inc.
72-0946698