

**Passman Plaza II, Inc.
Monroe, Louisiana
HUD Project No. 064-EE050-WAH-NP-18**

**Annual Financial Report
As of and for the Year Ended June 30, 2002**

Passman Plaza II, Inc.
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ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 6075

Monroe, LA 71211-6075

2414 Ferrand Street
Monroe, LA 71201

Phone: (318) 388-4622
Fax: (318) 388-4664

Toll-free: (888) 741-0205
www.allengreencpa.com

Tim Green, CPA
Margie Williamson, CPA

Sylvia R. Fallis, CPA
Sharon K. French, CPA
Regina R. Melius, CPA

David L. Allen, CPA (Retired)
1953 - 2000

INDEPENDENT AUDITORS' REPORT

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

Department of Housing Management
U. S. Department of Housing And Urban Development (HUD)
Shreveport, Louisiana

We have audited the accompanying basic financial statements of Passman Plaza II, Inc., HUD Project No. 064-EE050-WAH-NP-L8, as of and for the year ended June 30, 2002, as listed in the table of contents. These basic financial statements are the responsibility of the Passman Plaza II, 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 II, 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, we have also issued our report dated August 14, 2002, on our consideration of the Passman Plaza II, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is 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 audit was performed for the purpose of forming an opinion on the basic financial statements of Passman Plaza II, 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 II, 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 14, 2002

PASSMAN PLAZA II, INC.
Monroe, Louisiana
HUD PROJECT No. 064-EE050-WAH-NP-L8

STATEMENT OF FINANCIAL POSITION
June 30, 2002

ASSETS

Current Assets

1120 Cash - operations	\$ 31,033
1129 Accounts receivable - net of allowance of -0-	525
1135 Receivable - HUD	4,602
1200 Miscellaneous prepaid expenses	<u>6,664</u>

Total current assets	<u>42,824</u>
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Deposits Held in Trust - Funded

1191 Tenant deposit held in trust	7,711
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Deposits for Funded Reserves

1320 Replacement reserve	\$ 43,518
1340 Residual receipts reserve	<u>120,595</u>

Total deposits for funded reserves	164,113
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Fixed Assets

1410 Land	130,000
1420 Building	1,794,748
1450 Furniture and fixtures	53,934
1470 Maintenance equipment	21,301
1490 Computer equipment	<u>2,852</u>

Total fixed assets	2,002,835
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1495 Accumulated depreciation	<u>(221,502)</u>
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Net fixed assets	1,781,333
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Other Assets

1590 Escrow account	<u>11,408</u>
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TOTAL ASSETS	<u>\$ 2,007,390</u>
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Statement A

LIABILITIES AND NET ASSETS

Current Liabilities

2110 Accounts payable - operations	\$ 34
2113 Accounts payable - Monroe Housing Authority and Passman Plaza, Inc.	16,457
2123 Accrued management fee payable	<u>2,652</u>

Total current liabilities 19,143

Deposits

2191 Tenant deposits held in trust (Contra)	7,651
---	-------

Long-Term Liabilities

2320 Mortgage payable - First Mortgage	<u>1,997,500</u>
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TOTAL LIABILITIES 2,024,294

Net Assets

3131 Unrestricted	
Operations	\$ <u>(16,904)</u>

TOTAL NET ASSETS (16,904)

TOTAL LIABILITIES AND NET ASSETS \$ 2,007,390

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

PASSMAN PLAZA II, INC.
Monroe, Louisiana
HUD PROJECT No. 064-EE050-WAH-NP-L8

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2002

Statement B

UNRESTRICTED

REVENUES, GAINS AND OTHER SUPPORT

Rent Revenues

5120 Apartments or member carrying charges	\$ 78,427
5121 Housing assistance payments	<u>57,293</u>
Total Rent Revenue Potential at 100% Occupancy	135,720

Vacancies

5220 Vacancies	<u>(4,386)</u>
Net Rental Revenue (rent revenue less vacancies)	<u>131,334</u>

Financial Revenue

5410 Financial revenue - project operations	3,988
5440 Revenue from investments - reserve for replacements	605
5490 Income from investments - miscellaneous	<u>675</u>
Total Financial Revenue	<u>5,268</u>

Other Revenue

5990 Other revenues	<u>8,091</u>
Total Other Revenue	<u>8,091</u>

Total Revenue	<u>144,693</u>
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EXPENSES AND LOSSES

Administrative Expenses

6210 Advertising and marketing	620
6310 Office salaries	696
6311 Office expenses	1,264
6320 Management fee	15,912
6330 Manager or superintendent	10,353
6340 Legal expenses (project)	46
6350 Auditing expense	6,730
6351 Bookkeeping fees/accounting services	1,586
6390 Miscellaneous administrative expenses	<u>11,093</u>
Total Administrative Expenses	<u>48,304</u>

Utilities Expenses

6450 Electricity	2,655
6451 Water	1,302
6452 Gas	635
6453 Sewer	<u>1,228</u>
Total Utilities Expense	<u>\$ 5,820</u>

(Continued)

PASSMAN PLAZA II, INC.
Monroe, Louisiana
HUD PROJECT No. 064-EE050-WAH-NP-L8

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2002

Statement B

	<u>UNRESTRICTED</u>
EXPENSES AND LOSSES	
Operating and Maintenance Expenses	
6510 Payroll	\$ 11,076
6515 Supplies	3,322
6520 Contract	5,390
6525 Garbage and trash removal	2,893
6590 Miscellaneous operating and maintenance expenses	<u>2,060</u>
Total Operating and Maintenance Expenses	<u>24,741</u>
 Taxes and Insurance	
6711 Payroll taxes	1,922
6720 Property and liability insurance (hazard)	6,647
6721 Fidelity bond insurance	88
6722 Workman's compensation	838
6723 Health insurance and other employee benefits	<u>6,796</u>
Total Taxes and Insurance	<u>16,291</u>
 6900 Assisted living/board and care/other elderly care expenses	<u>1,308</u>
 Total Cost of Operations before Depreciation	<u>96,464</u>
 Net Increase (Decrease) in Net Assets Before Depreciation	48,229
 6600 Depreciation	<u>60,465</u>
 Net Increase (Decrease) in Net Assets	(12,256)
 NET ASSETS AT BEGINNING OF YEAR	<u>(4,648)</u>
 NET ASSETS (Deficit) AT END OF YEAR	<u>\$ (16,904)</u>

(Concluded)

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

PASSMAN PLAZA II, INC.
Monroe, Louisiana
HUD PROJECT No. 064-EE050-WAH-NP-L8

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2002

Statement C

Cash Flow From Operating Activities

Cash received from:

Rent revenue	\$ 74,041
RAP	52,691
Other revenue	8,091
Interest	<u>5,268</u>
	<u>140,091</u>

Cash paid for:

Administrative	(51,411)
Utilities	(5,820)
Operating and maintenance	(24,741)
Taxes and insurance	(17,806)
Service	<u>(1,306)</u>
	<u>(101,186)</u>

Cash paid (into) out of:

Tenant security deposits	76
Tenant security deposits	<u>(136)</u>
	<u>(60)</u>

Net cash provided (used) by operating activities	<u>38,845</u>
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Cash Flow From Investing Activities

Deposits into minimum capital investment	(73)
Deposits into reserve for replacement	(20,605)
Net deposits into residual receipts reserve	<u>(95,975)</u>

Net cash provided (used) by investing activities	<u>(116,653)</u>
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Net Increase in Cash and Cash Equivalents	(77,808)
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CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>108,841</u>
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CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 31,033</u>
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(Continued)

PASSMAN PLAZA II, INC.
Monroe, Louisiana
HUD PROJECT No. 064-EE050-WAH-NP-L8

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2002

Statement C

Increase in Net Assets	\$ (12,256)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities	
Depreciation	60,486
Changes in assets and liabilities	
(Increase) decrease in accounts receivable	(525)
(Increase) decrease in accounts receivable - HUD	(4,602)
(Increase) decrease in prepaid insurance	(1,615)
(Increase) decrease in tenant security deposits (assets)	76
Increase (decrease) in accounts payable	(3,831)
Increase (decrease) in accounts payable Monroe Housing Authority and Passman Plaza, Inc.	1,249
Increase (decrease) in tenant security deposits (liability)	<u>(136)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 38,545</u>

(Concluded)

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

Passman Plaza II, Inc.
Notes to the Financial Statements

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Passman Plaza II, Inc.
Notes to the 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 II, 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 at the time they are purchased or constructed. 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, 2002, the Corporation has cash and cash equivalents (book balances) as follows:

Petty cash	\$ 50
Interest-bearing demand deposits	<u>93,621</u>
Total deposits	93,671
Less: Demand deposits classified as investments	<u>(62,638)</u>
Total cash and cash equivalents	<u>\$ 31,033</u>

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 pledged 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 \$93,671 and the bank balance was \$93,671. 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).

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 trust department or agent but not in the Corporation's name.

Passman Plaza II, Inc.
Notes to the Financial Statements

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

	<u>Category</u>			<u>Carrying Amount</u>		<u>Total Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Fair Value</u>	<u>Cost</u>	
U. S. Treasury Securities	<u>\$120,595</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$120,595</u>	<u>\$ -</u>	<u>\$120,595</u>

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. Any disbursements from this account must be approved by HUD. At June 30, 2002, the reserve for replacements account amounted to \$43,518.

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 fund require HUD approval. The balance of this fund at June 30, 2002, amounted to \$120,595.

These deposits are restricted by regulatory agreement but are 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 should be 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 deposit escrow account had a balance of \$7,711 at June 30, 2002, at which time the Corporation was liable to tenants for security deposits of \$7,651.

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:

	<u>Estimated Useful Lives</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
1410 Land (nondepreciable)	-	\$ 130,000	\$ -	\$ 130,000
1420 Buildings	40	1,794,748	164,279	1,630,469
1450 Furniture and fixtures	5	53,934	39,549	14,385
1470 Maintenance equipment	5	21,301	15,584	5,717
1490 Computer equipment	5	<u>2,852</u>	<u>2,090</u>	<u>762</u>
Total fixed assets		<u>\$2,002,835</u>	<u>\$221,502</u>	<u>\$1,781,333</u>

NOTE 6 - ACCOUNTS PAYABLE - MONROE HOUSING AUTHORITY AND PASSMAN PLAZA, INC. The Corporation was liable to Monroe Housing Authority and Passman Plaza, Inc., for \$16,457 at June 30, 2002. This is the result of expenses paid by Monroe Housing Authority and Passman Plaza, Inc., for the repairs, upkeep, salaries and administrative costs. The Corporation reimburses Monroe Housing Authority and Passman Plaza, Inc., periodically.

NOTE 7 - MORTGAGE PAYABLE Passman Plaza II, Inc., 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 \$1,997,500. 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 Passman Plaza II, Inc., 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 Passman Plaza II, Inc., to 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.

Passman Plaza II, Inc.
Notes to the Financial Statements

NOTE 8 - RELATED PARTY TRANSACTIONS The Corporation is liable to Monroe Housing Authority for their leasing decisions, grounds and building upkeep, requisition of funds from HUD, landlord decisions, rental collections, and payment of bills. The Corporation is liable to the Housing Authority and Passman Plaza, Inc., for \$16,457 as of June 30, 2002. During the year, the Corporation paid management fees to Monroe Housing Authority in the amount of \$15,912.

NOTE 9 - HOUSING ASSISTANCE PAYMENTS CONTRACT (HAP) The Corporation entered into a HAP contract with HUD in April 2001. 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. HAP payments for the current year totaled \$57,293 and comprised 44 percent of the Corporation's net rental income.

NOTE 10 - CONTINGENCIES

Grant Disallowances Passman Plaza II, Inc., 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 6 - 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 40-year period.

Passman Plaza II, Inc.

Supporting Data Required by HUD

OTHER REVENUE: Other revenue for the year ended June 30, 2002 is as follows:

Cable TV	\$4,520
Maintenance and other	<u>3,571</u>
Total	<u>\$8,091</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, 2002, the account had the following activity:

Balance, beginning of year	\$22,813
Required deposit, 2002	20,000
Interest earned	<u>605</u>
Balance, end of year	<u>\$43,518</u>

RESIDUAL RECEIPTS 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 fund require HUD approval. For the year ended June 30, 2001, there was a surplus of \$87,116 which was transferred to the restricted account within 60 days following year-end.

Balance, beginning of year	\$ 24,620
Remaining deposit, 2000	5,335
Required deposit, prior year	87,116
Interest earned	<u>3,524</u>
Balance, end of year	<u>\$120,595</u>

Passman Plaza II, Inc.

**Supporting Data Required by HUD
Computation of Surplus Cash, Distributions and Residual Receipts
June 30, 2002**

PART A - Compute Surplus Cash

1. Cash (accounts 1110, 1120, 1191, 1192)	\$38,744	
2. Accounts receivable - HUD (1135)	4,602	
(a) Total cash		\$43,346
4. Accrued mortgage interest payable	-	
7. Accounts payable (due within 30 days)	19,143	
11. Prepaid rents	-	
12. Tenant security deposits liability (accounts 2191)	<u>7,651</u>	
(b) Less total current obligations		<u>26,794</u>
(c) Surplus cash (deficiency)		<u>\$16,552</u>

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

1. Surplus cash	\$16,552
4. Amount available for distribution during next fiscal year	<u>-</u>
5. Deposit due residual receipts	<u>\$16,552</u>

Prepared By	Reviewed By
Loan Technician	Loan Servicer
Date	Date

Pasaman Plaza II, Inc.

Supporting Data Required by HUD
Schedule of Changes In Fixed Assets
For the Year Ended June 30, 2002

	Assets				Depreciation Reserve			Net Book Balance <u>6-30-02</u>
	Balance 7-01-01	Additions	Deletions	Balance 6-30-02	Balance 7-01-01	Additions	Deletions	Balance 6-30-02
Land	\$ 130,000	\$ -	\$ -	\$ 130,000	\$ -	\$ -	\$ -	\$ 130,000
Buildings	1,794,748	-	-	1,794,748	119,410	44,869	-	1,630,469
Furniture and fixtures	53,934	-	-	53,934	28,763	10,786	-	14,385
Maintenance equipment	21,301	-	-	21,301	11,324	4,260	-	5,717
Computer equipment	<u>2,852</u>	<u>-</u>	<u>-</u>	<u>2,852</u>	<u>1,520</u>	<u>570</u>	<u>-</u>	<u>762</u>
Totals	<u>\$2,002,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,002,835</u>	<u>\$161,017</u>	<u>\$60,485</u>	<u>\$ -</u>	<u>\$1,781,333</u>

Passman Plaza II, Inc.

Supporting Data Required by HUD
Statement of Gross Potential Rent
For the Year Ended June 30, 2002

<u>Description of units</u>	<u>Number of Units</u>	<u>Monthly Rate</u>	<u>Total Monthly Amount</u>
Rent income - apartments			
One-bedroom	39	\$290	\$ 11,310
			x 12
Total gross potential rent income			<u>\$135,720</u>

Passman Plaza II, Inc.

**Supporting Data Required by HUD
Schedule of Funds In Financial Institutions
June 30, 2002**

A. Funds held by mortgagor, regular operating account:

1. Horizons Bank - operating account	\$ 30,983 ²
Operating account, sub-total	<u>30,983</u>

B. Funds held by mortgagor in trust

1. Bank One – tenants security deposit, money market (variable)	7,711 ²
2. Bank One – money market escrow (variable)	<u>11,409 ²</u>
Funds held in trust, sub-total	<u>19,120</u>

C. Restricted fund - donations

1. None	-
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D. Funds held by mortgagee (in trust)

1. Tax and insurance escrow, none	-
2. Reserve fund for replacements	43,518 ²
Equipment reserve account - (variable)	
3. Residual receipts	
a. Bank One investment account	
U. S. Treasury security money market (variable)	<u>120,595 ²</u>
Funds held by mortgagee	<u>164,113 ²</u>
Total funds in financial institution	<u>\$214,216</u>

² Balances confirmed by bank.

PASSMAN PLAZA II, INC.
Monroe, Louisiana
HUD PROJECT No. 064-EE050-WAH-NP-L8

FINANCIAL DATA SCHEDULE
For the Year Ended June 30, 2002

Owner: Passman Plaza II, Inc.
Reporting From: 07/01/2001
FHA/Contract Number(s): 064EE050

TIN: 721326307
Reporting To: 06/30/2002
Submission Type: AUD-A133

1120	Cash - Operations		\$ 31,033
1130	Tenant/Member Accounts Receivable (Coops)		\$ 0
1130N	Net Tenant Accounts Receivable		\$ 0
1135	Accounts Receivable - HUD		\$ 4,602
1145	Accounts and Notes Receivable - Entity		\$ 525
	Detail - Accounts and Notes Receivable - Entity		
	1145-010 - Description - Miscellaneous	Due from Passman Plaza, Inc.	
	Detail for 1145		
	1145-020 - Amount - Miscellaneous	\$ 525	
	Detail for 1145		
1200	Miscellaneous Prepaid Expenses		\$ 6,664
1100T	Total Current Assets		\$ 42,824
1191	Tenant/Patient Deposits Held in Trust		\$ 7,711
1320	Replacement Reserve		\$ 43,518
1340	Residual Receipts Reserve		\$ 120,595
1300T	Total Deposits		\$ 164,113
1410	Land		\$ 130,000
1420	Buildings		\$ 1,794,748
1450	Furniture for Project/Tenant Use		\$ 53,934
1470	Maintenance Equipment		\$ 21,301
1490	Miscellaneous Fixed Assets		\$ 2,852
1400T	Total Fixed Assets		\$ 2,002,835
1495	Accumulated Depreciation		\$ 221,502
1400N	Net Fixed Assets		\$ 1,781,333
1590	Miscellaneous Other Assets		\$ 11,409
	Detail - Miscellaneous Other Assets		
	1590-010 - Description - Miscellaneous	Escrow Account	
	Detail for 1590		
	1590-020 - Amount - Miscellaneous	\$ 11,409	
	Detail for 1590		
1500T	Total Other Assets		\$ 11,409
1000T	Total Assets		\$ 2,007,390
2105	Bank Overdraft - Operations		\$ 0
2110	Accounts Payable - Operations		\$ 34
2113	Accounts Payable - Entity		\$ 16,457
2123	Accrued Management Fee Payable		\$ 2,652
2122T	Total Current Liabilities		\$ 19,143
2191	Tenant/Patient Deposits Held in Trust (Contra)		\$ 7,651
2320	Mortgage (or Bonds) Payable - First Mortgage (or Bonds)		\$ 1,997,500
2300T	Total Long Term Liabilities		\$ 1,997,500

PASSMAN PLAZA II, INC.
Monroe, Louisiana
HUD PROJECT No. 064-EE050-WAH-NP-L8

FINANCIAL DATA SCHEDULE
For the Year Ended June 30, 2002

2000T	Total Liabilities		\$ 2,024,294
3131	Unrestricted Net Assets		\$ -16,904
3130	Total Net Assets		\$ -16,904
2033T	Total Liabilities and Equity/Net Assets		\$ 2,007,390
5120	Rent Revenue - Gross Potential		\$ 78,427
5121	Tenant Assistance Payments		\$ 57,293
5100T	Total Rent Revenue		\$ 135,720
5220	Apartments		\$ 4,386
5200T	Total Vacancies		\$ 4,386
5152N	Net Rental Revenue (Rent Revenue Less Vacancies)		\$ 131,334
5410	Financial Revenue - Project Operations		\$ 464
5430	Revenue from Investments - Residual Receipts		\$ 3,524
5440	Revenue from Investments - Replacement Reserve		\$ 605
5490	Revenue from Investments - Miscellaneous		\$ 675
	Details - Miscellaneous Revenue from Investments		
	5490-010 - Description	Interest income	
	5490-020 - Amount	\$ 675	
5400T	Total Financial Revenue		\$ 5,268
5990	Miscellaneous Revenue		\$ 8,091
	Details - Miscellaneous Revenue		
	5990-010 - Description	Cable TV	
	5990-020 - Amount	\$ 4,520	
	Details - Miscellaneous Revenue		
	5990-010 - Description	Maintenance and other	
	5990-020 - Amount	\$ 3,571	
5900T	Total Other Revenue		\$ 8,091
5000T	Total Revenue		\$ 144,693
6210	Advertising and Marketing		\$ 629
6310	Office Salaries		\$ 696
6311	Office Expenses		\$ 1,264
6320	Management Fee		\$ 15,912
6330	Manager or Superintendent Salaries		\$ 10,353
6340	Legal Expense - Project		\$ 48
6350	Audit Expense		\$ 6,730
6351	Bookkeeping Fees/Accounting Services		\$ 1,588
6390	Miscellaneous Administrative Expenses		\$ 11,093
	Details - Miscellaneous Administrative Expenses		
	6390-010 - Description	Activity Director	
	6390-020 - Amount	\$ 980	
	Details - Miscellaneous Administrative Expenses		
	6390-010 - Description	Cablevision	

PASSMAN PLAZA II, INC.
Mourree, Louisiana
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FINANCIAL DATA SCHEDULE
For the Year Ended June 30, 2002

	6390-020 - Amount	\$ 4,334	
	Details - Miscellaneous Administrative Expenses		
	6390-010 - Description	Other expenses	
	6390-020 - Amount	\$ 5,779	
6263T	Total Administrative Expenses		\$ 48,304
6450	Electricity		\$ 2,655
6451	Water		\$ 1,302
6452	Gas		\$ 635
6453	Sewer		\$ 1,228
6400T	Total Utilities Expense		\$ 5,820
6510	Payroll		\$ 11,076
6515	Supplies		\$ 3,322
6520	Contracts		\$ 5,390
6525	Garbage and Trash Removal		\$ 2,893
6590	Miscellaneous Operating and Maintenance Expenses		\$ 2,060
	Details - Miscellaneous Operating and Maintenance Expenses		
	6590-010 - Description	Janitor/cleaning supplies	
	6590-020 - Amount	\$ 646	
	Details - Miscellaneous Operating and Maintenance Expenses		
	6590-010 - Description	Repair & maintenance on trucks	
	6590-020 - Amount	\$ 449	
	Details - Miscellaneous Operating and Maintenance Expenses		
	6590-010 - Description	Repairs	
	6590-020 - Amount	\$ 12	
	Details - Miscellaneous Operating and Maintenance Expenses		
	6590-010 - Description	Heat/Air repairs & maintenance	
	6590-020 - Amount	\$ 278	
	Details - Miscellaneous Operating and Maintenance Expenses		
	6590-010 - Description	Other expense	
	6590-020 - Amount	\$ 675	
6500T	Total Operating and Maintenance Expenses		\$ 24,741
6711	Payroll Taxes (Project's Share)		\$ 1,922
6720	Property & Liability Insurance (Hazard)		\$ 6,647
6721	Fidelity Bond Insurance		\$ 88
6722	Workmen's Compensation		\$ 838
6723	Health Insurance and Other Employee Benefits		\$ 6,796
6700T	Total Taxes and Insurance		\$ 16,291
6900	Nursing Homes/Assisted Living/ Board & Care/Other Elderly Care Expenses		\$ 1,308
6000T	Total Cost of Operations before Depreciation		\$ 96,464
5060T	Profit (Loss) before Depreciation		\$ 48,229
6600	Depreciation Expenses		\$ 60,485
5060N	Operating Profit or (Loss)		\$ -12,256

PASSMAN PLAZA II, INC.
Monroe, Louisiana
HUD PROJECT No. 064-EE050-WAH-NP-L8

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For the Year Ended June 30, 2002

3247	Change in Unrestricted Net Assets from Operations	\$ -12,256
3250	Change in Total Net Assets from Operations	\$ -12,256
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.	\$ 20,000
S1100-069	Previous Year Unrestricted Net Assets	\$ -4,648
3247	Change in Unrestricted Net Assets from Operations	\$ -12,256
3131	Unrestricted Net Assets	\$ -16,904
S1100-050	Previous Year Total Net Assets	\$ -4,648
3250	Change in Total Net Assets from Operations	\$ -12,256
3130	Total Net Assets	\$ -16,904
S1200-010	Rental Receipts	\$ 126,732
S1200-020	Interest Receipts	\$ 5,268
S1200-030	Other Operating Receipts	\$ 8,091
S1200-040	Total Receipts	\$ 140,091
S1200-050	Administrative	\$ -35,499
S1200-070	Management Fee	\$ -15,912
S1200-090	Utilities	\$ -5,820
S1200-100	Salaries and Wages	\$ -11,076
S1200-110	Operating and Maintenance	\$ -13,665
S1200-140	Property Insurance	\$ -6,647
S1200-150	Miscellaneous Taxes and Insurance	\$ -11,259
S1200-160	Tenant Security Deposits	\$ -60
S1200-170	Other Operating Expenses	\$ -1,308
S1200-230	Total Disbursements	\$ -101,246
S1200-240	Net Cash provided by (used in) Operating Activities	\$ 38,845
S1200-245	Net Deposits to the Mortgage Escrow account	\$ -73
S1200-250	Net Deposits to the Reserve for Replacement account	\$ -20,605
S1200-260	Net Deposits to the Residual Receipts account	\$ -95,975
S1200-350	Net Cash used in Investing Activities	\$ -116,653
S1200-470	Net increase (decrease) in Cash and Cash Equivalents	\$ -77,808
S1200-480	Beginning of Period Cash	\$ 108,841
S1200T	End of Period Cash	\$ 31,033

PASSMAN PLAZA II, INC.
Monroe, Louisiana
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FINANCIAL DATA SCHEDULE
For the Year Ended June 30, 2002

3250	Change in Total Net Assets from Operations	\$ -12,256
6600	Depreciation Expenses	\$ 60,485
S1200-490	Decrease (increase) in Tenant/Member Accounts Receivable	\$ -525
S1200-500	Decrease (increase) in Accounts Receivable - Other	\$ -4,602
S1200-520	Decrease (increase) in Prepaid Expenses	\$ -1,615
S1200-530	Decrease (increase) in Cash Restricted for Tenant Security Deposits	\$ 76
S1200-540	Increase (decrease) in Accounts Payable	\$ -3,831
S1200-550	Increase (decrease) in Accounts Payable - HUD Excess Rents	\$ 1,249
S1200-580	Increase (decrease) in Tenant Security Deposits held in trust	\$ -136

S1200-610	Net Cash provided by (used in) Operating Activities	\$ 38,845
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S3100-010	Organization and Presentation 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.
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S3100-040	Summary of Significant Accounting Policies Note	NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 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 II, 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 at the time they are purchased or constructed. Public domain or infrastructures are capitalized (construction period interest is capitalized). All fixed assets costing more than \$500 are capitalized. An
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PASSMAN PLAZA II, INC.
Monroe, Louisiana
HUD PROJECT No. 064-EE050-WAH-NP-L8

FINANCIAL DATA SCHEDULE
For the Year Ended June 30, 2002

		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 Passman Plaza II, Inc., 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 \$1,997,500. 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 Passman Plaza II, Inc., 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 Passman Plaza II, Inc., to 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	\$ 1,997,500
S3100-200	Related Party Transactions Note	NOTE 8 - RELATED PARTY TRANSACTIONS The Corporation is liable to Monroe Housing Authority for their leasing decisions, grounds and building upkeep, requisition of funds from HUD, landlord decisions, rental collections, and payment of bills. The Corporation is liable to the Housing Authority and Passman Plaza, Inc. for \$16,457 as of June 30, 2002. During the year, the Corporation paid management fees to Monroe Housing Authority in the amount of \$15,912.
	Details - Related Party Transactions	
	S3100-210 - Company Name	Monroe Housing Authority
	S3100-220 - Amount Received	\$ 13,251
	Details - Related Party Transactions	
	S3100-210 - Company Name	Passman Plaza

PASSMAN PLAZA II, INC.
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For the Year Ended June 30, 2002

	S3100-220 - Amount Received	\$ 545																					
S3100-230	Management Fee Note	NOTE 6 - ACCOUNTS PAYABLE - MONROE HOUSING AUTHORITY AND PASSMAN PLAZA, INC. The Corporation was liable to Monroe Housing Authority and Passman Plaza for \$16,457 at June 30, 2002. This is the result of expenses paid by Monroe Housing Authority and Passman Plaza for the repairs, upkeep, salaries and administrative costs. The Corporation reimburses Monroe Housing Authority and Passman Plaza periodically.																					
S3100-240	Additional Note	NOTE 2 - DEPOSITS AND INVESTMENTS At June 30, 2002, the Corporation has cash and cash equivalents (book balances) as follows: Petty cash \$ 50 Interest-bearing demand deposits 93,621 Total deposits 93,671 Less: Demand deposits classified as investments (62,638) Total cash and cash equivalents \$ 31,033 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 pledged 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 \$93,671 and the bank balance was \$93,671. 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). 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 trust department or agent but not in the Corporation's name. At year end, the Corporation investment balances included the following: <table> <tr> <td>Category</td> <td>Carrying Amount</td> <td>Total Carrying Amount</td> <td>1</td> <td>2</td> <td>3</td> <td>Fair Value</td> </tr> <tr> <td>Cost U. S. Treasury Securities</td> <td>\$120,595</td> <td>\$ -</td> <td>\$ -</td> <td>\$ -</td> <td>\$ -</td> <td>\$120,595</td> </tr> <tr> <td></td> <td>\$ -</td> <td>\$120,595</td> <td></td> <td></td> <td></td> <td></td> </tr> </table>	Category	Carrying Amount	Total Carrying Amount	1	2	3	Fair Value	Cost U. S. Treasury Securities	\$120,595	\$ -	\$ -	\$ -	\$ -	\$120,595		\$ -	\$120,595				
Category	Carrying Amount	Total Carrying Amount	1	2	3	Fair Value																	
Cost U. S. Treasury Securities	\$120,595	\$ -	\$ -	\$ -	\$ -	\$120,595																	
	\$ -	\$120,595																					
S3100-240	Additional Note	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. Any disbursements from this account must be approved by HUD. At June 30, 2002, the reserve for replacements account amounted to \$43,518. 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 fund require HUD approval. The balance of this fund at June 30, 2002,																					

PASSMAN PLAZA II, INC.
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FINANCIAL DATA SCHEDULE
For the Year Ended June 30, 2002

		amounted to \$120,595. These deposits are restricted by regulatory agreement but are 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 should be 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 deposit escrow account had a balance of \$7,711 at June 30, 2002, at which time the Corporation was liable to tenants for security deposits of \$7,651.
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 - \$ 130,000 \$ - \$ 130,000 1420 Buildings (nondepreciable) 40 1,794,748 164,279 1,630,469 1450 Furniture and fixtures 5 53,934 39,549 14,385 1470 Maintenance equipment 5 21,301 15,584 5,717 1490 Computer equipment 5 2,852 2,090 762 Total fixed assets \$2,002,835 \$221,502 \$1,781,333
S3100-240	Additional Note	NOTE 9 - HOUSING ASSISTANCE PAYMENTS CONTRACT (HAP) The Corporation entered into a HAP contract with HUD in April 2001. 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. HAP payments for the current year totaled \$57,293 and comprised 44 percent of the Corporation's net rental income.
S3100-240	Additional Note	NOTE 10 - CONTINGENCIES Grant Disallowances Passman Plaza II, Inc., 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 6 - 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 40-year period.
S3400-020	Opinion	UNQUALIFIED
S3400-030	Opinion Explanation	We conducted our audit in accordance with auditing standards generally accepted in the United States of

PASSMAN PLAZA II, INC.
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For the Year Ended June 30, 2002

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 II, 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, we have also issued our report dated August 14, 2002, on our consideration of the Passman Plaza II, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is 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.

S3400-050	Going Concern ² Issue	N
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 II, 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 II, 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.
S3500-020	Reportable Conditions Indicator	N
S3500-030	Material Weakness Indicator	N

PASSMAN PLAZA II, INC.
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For the Year Ended June 30, 2002

S3500-040 S3500-045	Material Non-Compliance Indicator Comments on Internal Controls	N Internal Control Over Financial Reporting In planning and performing our audit, we considered Passman Plaza II, 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 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 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 considered to be material weaknesses.
S3600-020 S3600-030 S3600-035	Reportable Conditions Indicator Material Weakness Indicator Comments on Non-compliance	N N Compliance We have audited the compliance of Passman Plaza II, Inc., Monroe, Louisiana, HUD Project No. 064-EE050-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, 2002. Passman Plaza II, 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 II, Inc.'s management. Our responsibility is to express an opinion on Passman Plaza II, 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 of America; 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

PASSMAN PLAZA II, INC.
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For the Year Ended June 30, 2002

occurred. An audit includes examining, on a test basis, evidence about Passman Plaza II, 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 II, Inc.'s compliance with those requirements. In our opinion, Passman Plaza II, 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, 2002.

Internal Control Over Compliance The management of Passman Plaza II, 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 II, 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 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.

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
1320P	Balance at Beginning of Year	\$ 22,913
1320DT	Total Monthly Deposits	\$ 20,000
1320INT	Interest on Replacement Reserve Accounts	\$ 605
1320	Balance at End of Year, Confirmed by	\$ 43,518

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For the Year Ended June 30, 2002

1320R	Mortgages Deposits Suspended or Waived Indicator	N
1340P	Balance at Beginning of Year	\$ 24,620
1340DT	Total Deposits	\$ 87,116
1340ODT	Other Deposits	\$ 5,335
	Details - Other Residual Receipts Deposits	
	1340OD-010 - Description	Remaining deposit for 2000
	1340OD-020 - Amount	\$ 5,335
1340INT	Interest on Residual Receipt Accounts	\$ 3,524
1340	Balance at current fiscal year end	\$ 120,595
S1300-010	Cash	\$ 38,744
1135	Tenant subsidy due for period covered by financial statement	\$ 4,602
S1300-040	Total Cash	\$ 43,346
S1300-075	Accounts Payable - 30 days	\$ 19,143
2191	Tenant/Patient Deposits Held In Trust (Contra)	\$ 7,651
S1300-140	Total Current Obligations	\$ 26,794
S1300-150	Surplus Cash (Deficiency)	\$ 16,552
S1300-210	Deposit Due Residual Receipts	\$ 16,552
1410P	Beginning Balance for 1410	\$ 130,000
1410	Land	\$ 130,000
1420P	Beginning Balance for 1420	\$ 1,794,748
1420	Buildings	\$ 1,794,748
1450P	Beginning Balance for 1450	\$ 53,934
1450	Furniture for Project/Tenant Use	\$ 53,934
1470P	Beginning Balance for 1470	\$ 21,301
1470	Maintenance Equipment	\$ 21,301
1490P	Beginning Balance for 1490	\$ 2,852
1490	Miscellaneous Fixed Assets	\$ 2,852
1400PT	Total Beginning Balance for Fixed Assets	\$ 2,002,835
1400T	Total Fixed Assets	\$ 2,002,835
1495P	Beginning Balance for 1495	\$ 161,017
6690	Total Provisions	\$ 60,485
1495	Ending Balance for Accumulated Depreciation	\$ 221,502
1400N	Total Net Book Value	\$ 1,781,333
6953	Housekeeping Purchased Services	\$ 1,308
	Details - Schedule of Expenditures of Federal Awards	
S3300-020	Program Number	0
	S3300-030 - Name of Federal Agency	United States 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	\$ 1,997,500
	S3300-150 - Opinion	UNQUALIFIED

PASSMAN PLAZA II, INC.
Monroe, Louisiana
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FINANCIAL DATA SCHEDULE
For the Year Ended June 30, 2002

Details - Schedule of Expenditures of Federal Awards

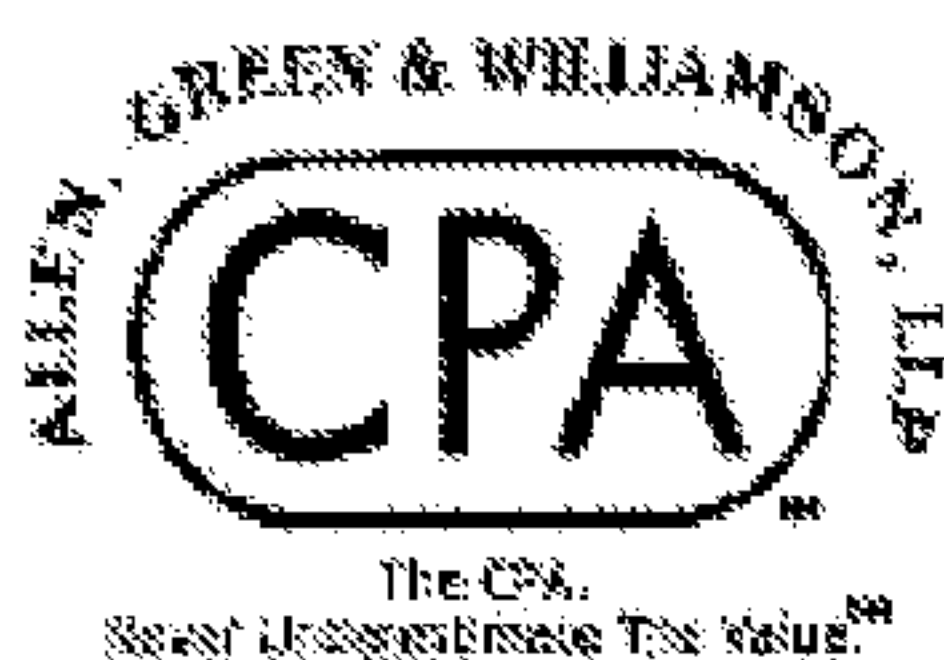
S3300-020	Program Number		0
S3300-030	Name of Federal Agency	United States Department of Housing and Urban Development	
S3300-040	Name of Federal Program	Section 8 Rental Certificates	
S3300-050	CFDA Number	14.857	
S3300-080	Federal Awards Expended	\$ 57,293	
S3300-150	Opinion	UNQUALIFIED	
S3300-500	Total Federal Awards Expended		\$ 2,054,793
S3300-510	Note to the Schedule	NOTE 1 - GENERAL This schedule presents the activity of all federal awards programs of the Passman Plaza II, 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.	
S2900-010	Narrative	We hereby certify that we have examined the accompanying financial statements and supplemental information of Passman Plaza II, 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	08/30/2002	
S2900-080	Auditee Name	Passman Plaza II, 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	
S3000-010	Narrative	We hereby certify that we have examined the accompanying financial statements and supplemental information of Passman Plaza II, 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	

PASSMAN PLAZA II, INC.
Monroe, Louisiana
HUD PROJECT No. 064-EE050-WAH-NP-L8

FINANCIAL DATA SCHEDULE
For the Year Ended June 30, 2002

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
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	08/14/2002
S3200-140	Auditor Contact FAX Number	318-388-4664
S3200-150	Auditor Contact E-mail	margie@allengreencpa.com

- end of statement -



ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 6075

Monroe, LA 71211-6075

2416 Ferrand Street
Monroe, LA 71201

Phone: (318) 388-4422

Fax: (318) 388-4864

Toll-free: (888) 741-0235

www.allengreencpa.com

Tim Green, CPA
Margie Williamson, CPA

Sylvia R. Fallin, CPA
Sharon E. French, CPA
Regina R. Markus, 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 II, Inc.
Monroe, Louisiana

Department of Housing Management
U. S. Department of Housing And Urban Development (HUD)
Shreveport, Louisiana

We have audited the financial statements of Passman Plaza II, Inc., Monroe, Louisiana, HUD Project No. 064-EE050-WAH-NP-L8, as of and for the year ended June 30, 2002, and have issued our report thereon dated August 14, 2002. 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

As part of obtaining reasonable assurance about whether Passman Plaza II, Inc.'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

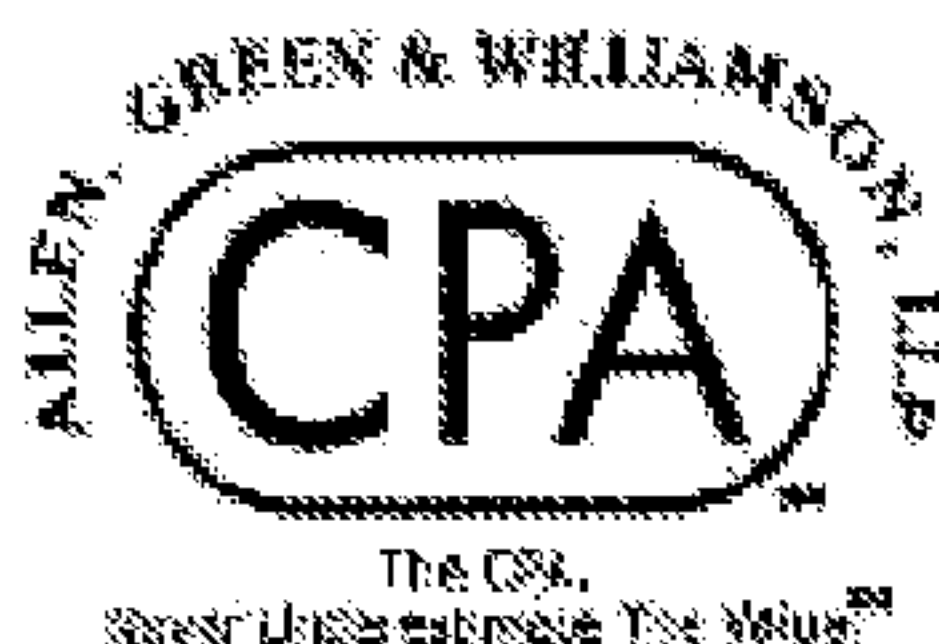
In planning and performing our audit, we considered Passman Plaza II, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial 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 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 considered 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.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
August 14, 2002



ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 6075

Monroe, LA 71211-6075

2414 Ferrand Street
Monroe, LA 71201

Phone: (318) 386-4422

Fax: (318) 386-4664

Toll-free: (888) 741-0236

www.allengreencpa.com

Tim Green, CPA
Margie Williamson, CPA

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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 II, Inc.
Monroe, Louisiana

Department of Housing Management
U. S. Department of Housing And Urban Development (HUD)
Shreveport, Louisiana

Compliance

We have audited the compliance of Passman Plaza II, Inc., Monroe, Louisiana, HUD Project No. 064-EE050-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, 2002. Passman Plaza II, 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 II, Inc.'s management. Our responsibility is to express an opinion on Passman Plaza II, 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 of America; 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 II, 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 II, Inc.'s compliance with those requirements.

In our opinion, Passman Plaza II, 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, 2002.

Internal Control Over Compliance

The management of Passman Plaza II, 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 II, 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 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.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Passman Plaza II, Inc., as of and for the year ended June 30, 2002, and have issued our report thereon dated August 14, 2002. 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.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
August 14, 2002

Passman Plaza II, Inc.

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	CFDA Number	Pass-Through Grantor No.	<u>Expenditures</u>
United States Department of Housing and Urban Development Direct Programs			
Section 8 Rental Certificates	14.857	064-EE050-WAH-NP-L8	\$ 57,293
Section 202 Outstanding HUD Loan	14.157	064-EE050-WAH-NP-L8	<u>1,997,500</u>
TOTAL			<u>\$2,054,793</u>

NOTE 1 - GENERAL This schedule presents the activity of all federal awards programs of the Passman Plaza II, 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 II, Inc.

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2002**

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 II, Inc.

Mortgagor's Certification
June 30, 2002

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

President
Title

Signature

Date

8/30/02

Vice-President
Title

Signature

Date

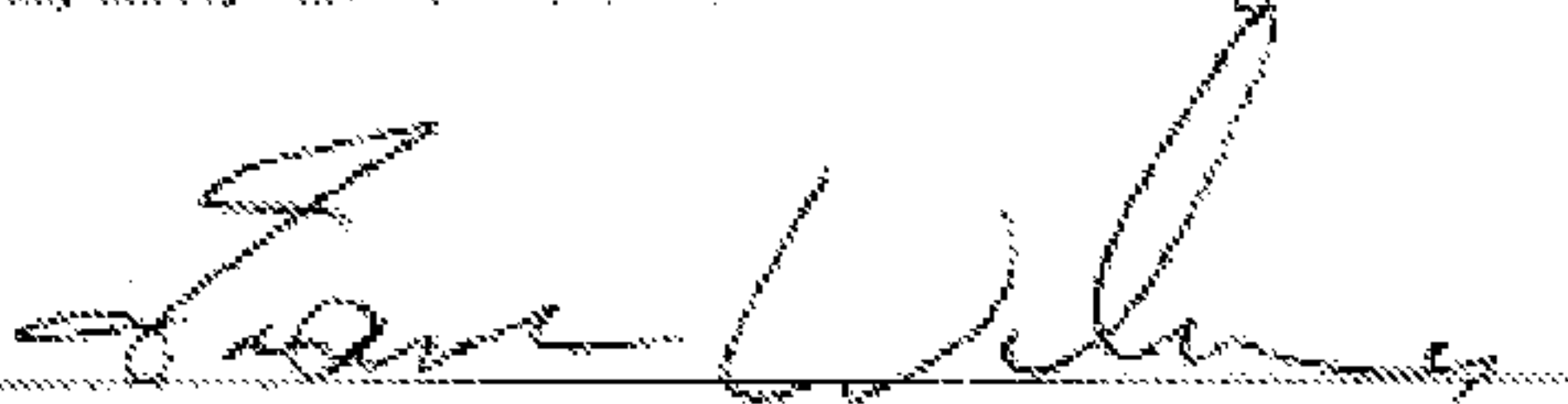
8-30-02

Employer's Identification number
72-1326307

Passman Plaza II, Inc.

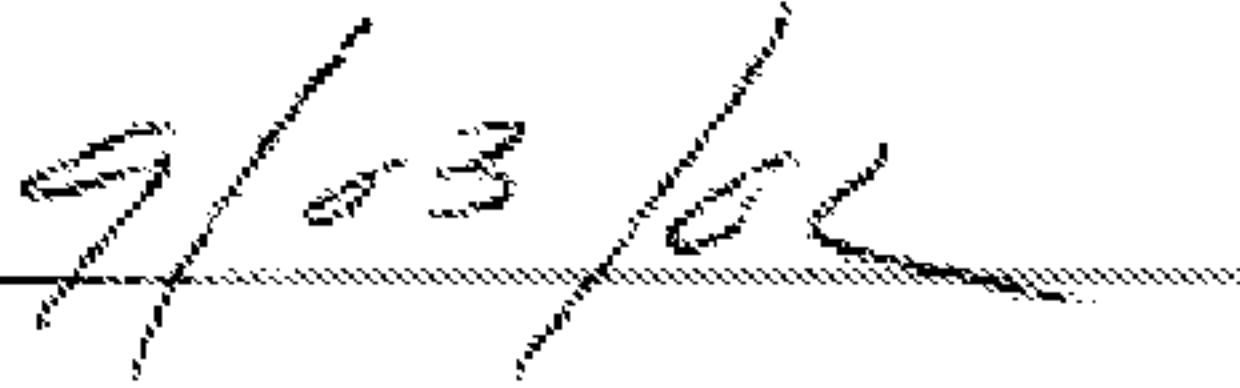
**Management Agent's Certification
June 30, 2002**

We hereby certify that we have examined the accompanying financial statements and supplemental information of Passman Plaza II, 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

