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Matthew 25:40 Corporation

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
December 31, 2005

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 9-13-06

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ELLIOTT & ASSOCIATES, INC.

A Professional Accounting Corporation

P. O. Box 1287

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W. Micheal Elliott, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Matthew 25:40 Corporation
Lake Charles, Louisiana:

I have audited the accompanying statement of financial position of Matthew 25:40 Corporation (a nonprofit organization) as of December 31, 2005, and the related statements of activities and cash flows for the year then ended. These statements are the responsibility of the Matthew 25:40 Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Matthew 25:40 Corporation as of December 31, 2005, and changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated August 20, 2006, on my consideration of Matthew 25:40 Corporation's internal control over financial reporting and my tests of its compliance with 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.

My audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Matthew 25:40 Corporation Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Elliott & Assoc. "APAC"

Leesville, Louisiana
August 20, 2006

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W. Micheal Elliott, CPA

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

Board of Directors
Matthew 25:40 Corporation
Lake Charles, Louisiana

I have audited the financial statements of the Matthew 25:40 Corporation as of and for the year ended December 31, 2005, and have issued my report thereon dated August 20, 2006. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Matthew 25:40 Corporation's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Matthew 25:40 Corporation's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting 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 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information of the Board of Directors and management of the Matthew 25:40 Corporation, the Legislative Auditor's office of the State of Louisiana, and federal and state awarding agencies. This report is not intended to be, and should not be, used by anyone other than these specified parties.

Elliott & Assc "APAC"

Leesville, Louisiana
August 20, 2006

Matthew 25:40 Corporation
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Fiscal Year Ended December 31, 2005

I have audited the financial statements of the Matthew 25:40 Corporation as of and for the year ended December 31, 2005, and have issued my report thereon dated August 20, 2006 I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2005 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control
Material Weaknesses ( ) Yes (X) No
Reportable Conditions ( ) Yes (X) No

Compliance
Compliance Material to Financial Statements ( ) Yes (X) No

b. Federal Awards

Internal Control
Material Weaknesses ( ) Yes (X) No ( ) N/A
Reportable Conditions ( ) Yes (X) No ( ) N/A

Type of Opinion On Compliance For Major Programs
Unqualified (X) Qualified ( )
Disclaimer ( ) Adverse ( )
N/A ( )

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?
( ) Yes (X) No ( ) N/A

c. Identification of Major Programs

CFDA Number(s)	Name of Federal Program

Dollar threshold used to distinguish between Type A and Type B Programs: $500,000

Section II Financial Statement Findings

N/A

Section III Federal Award Findings and Questioned Costs

N/A

See independent auditor's report.

Exhibit A

Matthew 25:40 Corporation
STATEMENT OF FINANCIAL POSITION

December 31, 2005

ASSETS		
Current Assets		
Cash and cash equivalents(Note 2)		$ 19,820
Grants receivable	(Note 3)	13,413
Other receivables		1,777
Prepaid expenses		1,920
Total Current Assets		$ 36,930
FURNITURE AND EQUIPMENT- NET OF DEPRECIATION (Note 4)		$ 491,301
OTHER ASSETS		
Deposits		$ 3,727
Total other assets		$ 3,727
TOTAL ASSETS		$ 531,958
CURRENT LIABILITIES		
Accrued liabilities		$ 18,430
Current maturities - long term debt (Note 8)		12,389
Deferred revenue		9,125
Total current liabilities		$ 39,944
Long term debt (Note 8)		29,041
Total liabilities		$ 68,985
Net assets:		
Unrestricted		$ 13,102
Capital assets, net of related debt		449,871
Total net assets		$ 531,958

The accompanying notes are an integral part of this statement.

Exhibit B

Matthew 25:40 Corporation
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2005

REVENUES, GAINS, AND OTHER SUPPORT	
Federal grants	$ 186,676
Contributions	58,470
Miscellaneous	537
Rental income	46,240
Program fees	2,987
Total Unrestricted Revenues	$ 294,910
EXPENSES	
Automobile	3,985
Telephone	5,145
Depreciation (Note 4)	27,343
Salaries and related benefits	135,129
Utilities	17,362
Contract services	7,403
Repairs and maintenance	11,004
Resident activities	2,978
Supplies	22,434
Medical	1,792
Lincenses/permits	1,507
Miscellaneous	1,453
Postage	202
Equipment rental	1,377
Vending expense	2,071
Insurance	16,473
Fund raising expenses	8,435
Legal/professional	4,000
Total Expenses	$ 270,093
Other income (expense)	24,817
Interest expense (Note 8)	(3,825)
Building writeoff/demolition	(14,720)
Total Other Income(expense)	(18,545)
Increase in net assets	6,272
NET ASSETS, BEGINNING OF YEAR	456,701
NET ASSETS, END OF YEAR	$ 462,973

The accompanying notes are an integral part of this statement.

Exhibit C

Matthew 25:40 Corporation
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	$ 27,545
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	25,510
Changes in operating assets and liabilities:	
Grants receivable	(5,034)
Current Maturities	(4,000)
Other receivables	675
Other current assets	(2,771)
Accrued liabilities	(6,148)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	35,777
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES	---
CASH FLOWS FROM CAPITAL FINANCING	
Building Writeoff	(14,720)
Repayment of Indebtedness	(8,453)
Interest Paid	(3,825)
Purchase of property and equipment	5,757
NET CASH USED IN CAPITAL FINANCING	(21,241)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	---
NET CASH PROVIDED FROM INVESTING ACTIVITIES	---
INCREASE IN CASH AND CASH EQUIVALENTS	14,536
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,284
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 19,820

ADDITIONAL REQUIRED DISCLOSURES:

1. Management considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents.
2. Interest expense paid for the year ended December 31, 2005 was $3,825.
3. No income taxes were paid for the year ended December 31, 2005.
4. There were no material noncash investing or financing activities during 2005 that affected recognized assets or liabilities he accompanying notes are an integral part of this statement.

Matthew 25:40 Corporation
NOTES TO FINANCIAL STATEMENTS
December 31, 2005

Note 1 - Summary of Significant Accounting Policies

Nature of Activities

Project Matthew is the supportive service programs of Matthew 25:40 Corporation which provides advocacy and case management for housing for persons with disabilities. The Community Board of Directors of Matthew 25:40 Corporation is comprised of medical, pastoral care, supportive service, financial and civic minded individuals who have a concern about housing for persons with disabilities.

Matthew qualifies as a tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code and comparable Louisiana law, and contributions to it are tax deductible within the limitations prescribed by the Code. Accordingly, no provision for income tax has been made in the accompanying financial statements. In addition, the organization has been determined not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

Significant Accounting Policies

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of *Not-for-Profit Organizations*. Under SFAS No. 117 ,the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There were no temporarily or permanently restricted net assets at December 31, 2005.

Property and Equipment

Furniture and equipment and buildings are stated at cost for assets purchased and at market value for assets acquired by gift. Depreciation is computed on the straight line method over the estimated useful lives of the assets generally as follows:

Furniture and equipment	5-7 years
Buildings	27.50 years

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributed Services

No amounts have been reflected in the financial statements for contributed services. Matthew pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist Matthew with specific assistance programs, solicitations, and various committee assignments.

Compensated Absences

Vacation and sick leave not used within the year do not accrue; therefore, no liability for compensated absences is reflected in the financial statements.

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 disclosures 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.

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at December 31, 2005:

Interest bearing checking accounts	$ 4,594
Non-interest bearing checking accounts	288
Disaster relief-checking	4,959
Interest bearing funds	9,979
	$ 19,820

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 3 - Grants Receivable

Grants receivable of $13,413 at December 31, 2005 consisted of amounts due from state agencies and federal agencies passed through the State of Louisiana and Department of Health and Hospitals.

Note 4 - Property, plant and equipment

The following represents activity in the property, plant and equipment categories for the year ended December 31, 2005.

Category	12/31/04 Balance	Additions	Deletions	12/31/05 Balance	12/31/05 Accum Depre	12/31/05 Net Balance
Automobiles	$21,887	---	---	$ 21,887	$(21,605)	$ 282
Furniture/Equip	40,804	1,636	---	42,440	(21,477)	20,963
Buildings	653,083	9,159	26,708	635,534	(177,214)	458,320
Land	1,580	10,156	---	11,736	---	11,736
Totals	$717,354	$20,951	26,708	$711,597	$(220,296)	$ 491,301

Depreciation expense for the year ended December 31, 2005 was $27,343.

Note 5 - Concentrations of Revenue and Significant Funding Source

Matthew receives the majority of its revenue from funds provided by the federal government and administered by the Louisiana Department of Health and Hospitals, Office of Public Health. The amount of funds received is appropriated each year by the government. If significant budget cuts are made, the amount of the funds that Matthew receives could be reduced significantly, resulting in an adverse impact on its operations. Manage ment
is not aware of any actions that would adversely affect the amount of funds the organization will receive in the next year.

Note 6 - Net Assets Released From Restrictions

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the grants. There were no temporarily or permanently restricted net assets at December 31, 2005.

Note 7 - OFF-Balance Sheet Risk

Matthew does not engage in off-balance sheet financing as defined in FASB Statement 105.

Note 8 - Long term Debt

The Corporation had the following activity in its longterm debt for the year ended December 31, 2005.

Balance 12/31/04	$ 51,883
Additions	---
Deletions	(10,453)
Balance 12/31/05	$ 41,430

Interest expense for the year ended December 31, 2005 was $3,626.

The above long term debt is detailed as follows:

Mortgage payable to Hibernia Bank at 8.95; Monthly payments of $400; secured by Rose property	$ ---
Mortgage payable to Jeff Davis Bank at 7.75%; Monthly payments of $557; secured by the Moeling St. Property.	16,971
Mortgage payable to Cameron State Bank at 6.90%; monthly Payments of $476 secured by Stanton St. property	24,459
Total Long term debt	41,430
Less current portion	(12,389)
Total	$ 29,041

The following represent future debt service maturities on an annual basis for the previously described long term debt;

Year ended December 31:	
2006	$ 12,389
2007	12,389
2008	11,288
2009	5,710
2010	3,989
Total	$ 45,765

Included in total maturities is $ 4,335 in interest expense.

Note 9-Related Party Transactions

None

Note 10- Subsequent Events

None

Note 11-Contingencies

Matthew 25:40 Corporation receives intergovernmental grants that are subject to review by state agencies. Consequently, such reviews could result in disallowed expenditures resulting in a reduction of available resources. However, management believes that such allowances, if any would not significantly impair Matthew 25:40 corporation's ability to continue as a going concern.

Note 12-Financial Estimates

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

Matthew 25:40 Corporation
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Fiscal Year Ended December 31, 2005

PART 1- SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	____ yes _x___no
Reportable conditions identified that are not considered to be material weaknesses?	____ yes __x__ No reported
Noncompliance material to financial statements noted?	_____yes _ x___no

Prior year audit findings

The report was not issued within six months of the close of its December 31, 2003 fiscal year end which is a violation of LSA #24:513, (A) (5) (a).

Memorandum of Other Comments and Recommendations	None

Federal Awards

Internal control over major program:	
Material weakness(es)identified?	_____Yes ___X___No
Reportable conditions identified not considered to be material weaknesses?	_____Yes ___X___No
Type of auditor's report issued on compliance for major program:	Qualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510 (a)?	_____Yes ___X___No

Matthew 25:40 Corporation
SCHEDULE OF PRIOR YEAR FINDINGS

For the Fiscal Year Ended December 31, 2005

SECTION I

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

THERE WERE NO PRIOR YEAR FINDINGS RELATING TO INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS:

SECTION II

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

THERE WERE NO PRIOR YEAR FINDINGS RELATING TO INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS.

SECTION III

MANAGEMENT LETTER

There was no management letter with prior year audit report.

Schedule 4

Matthew 25:40 Corporation
COMPENSATION FOR BOARD MEMBERS

For the Year Ended December 31, 2005

During the year ended December 31, 2005, no per diem payments or other compensation payments were made to board members.