MISSISSIPPI HOME CORPORATION

Report on Compliance in Accordance with OMB Circular A-133
For the Year Ended June 30, 2012
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Mississippi Home Corporation
Jackson, Mississippi

Compliance

We have audited the compliance of Mississippi Home Corporation (the "Corporation") with the types of compliance requirements described in the U. S. Office of Management and Budget ("OMB") Circular A-133, Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The Corporation's major federal programs are identified in the summary of auditor's 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 the 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, the Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.
Internal Control over Compliance

Management of the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We have audited the basic financial statements of the Corporation as of and for the year ended June 30, 2012, and have issued our report thereon dated October 2, 2012. 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 the purposes of additional analysis as required by OMB Circular 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 management, the Board of Directors and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

Ridgeland, Mississippi
October 2, 2012
### Direct Programs

**Department of Housing and Urban Development**
- HC-10-0441-002: 14.169, 10/01/10 - 09/30/11, 175,000, $64,878
- HC-12-0441-002: 14.169, 10/01/11 - 09/30/12, 175,000

**Department of Agriculture Rural Development**
- 28-025-640644578-02-08: 10.446, 05/14/08 - 11/30/11, 180,000, 10,209
- 28-025-064064578: 10.415, 05/05/08 - 05/05/38, 2,000,000, 330,915

**Department of Treasury**
- National Foreclosure Mitigation Counseling: 21, 04/10/10 - 06/30/12, 53,340, 14,507
- TDP2009GRMS52 - Section 1602 (ARRA): 21.020*, 02/18/10 - 12/31/11, 29,664,458, 6,826,374
- Hardest Hit Fund: 21, Unknown, 09/23/10 - 12/31/17, 101,888,323, 6,649,150

**Total direct programs**
- $13,991,638

### Pass-Through Programs

**Mississippi Development Authority**
- M09-SG-28-01-1010: 14.239, 12/21/09 - 12/21/11, 750,000, 9,200
- M00-SG-28-01-1010: 14.239, 08/04/10 - 08/04/12, 210,937, 150,255
- M10-SG-280-110101: 14.239, 11/29/10 - 11/29/12, 750,000, 201,737
- N1807-09-025-HB-01 (NSP): 14.228, 03/16/09 - 03/15/13, 18,473,777, 28,839
- R154-001-TCAF: 14.228, 03/09/09 - 03/09/12, 20,690,152, 7,336,364
- M02-SG-28-01-1010 (HLP): 14.239, 08/04/10 - 08/04/12, 1,767,803, 310,528
- M03-SG-280-11010-1 (HLP): 14.239, 05/10/11 - 11/10/12, 1,380,457, 1,295,295

**Total pass-through programs**
- $9,515,577

**Total all programs**
- $23,507,215

* Funds awarded under this program represent American Recovery and Reinvestment Act ("ARRA") Funds.

The Schedule of Expenditures of Federal Awards is prepared on the accrual basis.
Section I - Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued Unqualified

2. Internal control over financial reporting:
   a. Material weaknesses identified No
   b. Significant deficiencies identified that are not considered to be material weaknesses None reported

3. Noncompliance material to financial statements noted No

Federal Awards:

4. Type of auditor's report issued on compliance for major programs Unqualified

   Internal control over major programs:
   a. Material weaknesses identified No
   b. Significant deficiencies identified that are not considered to be material weaknesses None reported

5. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 No

6. Federal program identified as a major program:
   - Department of Agriculture Rural Development CFDA# 10.415
   - Mississippi Development Authority CFDA# 14.239
   - Section 1602 (ARRA) CFDA# 21.020

7. Dollar threshold used to distinguish between type A and type B programs $705,216

8. Auditee qualified as low risk? Yes

Section II – Financial Statement Findings

No matters were reported.
MISSISSIPPI HOME CORPORATION
Schedule of Findings and Questioned Costs
June 30, 2012

Section III – Findings and Questioned Costs for Federal Awards

No matters reported.
MISSISSIPPI HOME CORPORATION
Summary Schedule of Prior Audit Findings
June 30, 2012

The Corporation had no findings in the prior year.