MISSISSIPPI HOME CORPORATION

Report on Compliance in
Accordance with OMB Circular A-133
For the Year Ended June 30, 2014
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Mississippi Home Corporation
Jackson, Mississippi

Report on Compliance for Each Major Federal Program

We have audited Mississippi Home Corporation's (the "Corporation") compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Corporation's major federal programs for the year ended June 30, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Corporation's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Corporation complied, in all material respects, with the types of 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, 2014.

**Report on Internal Control Over Compliance**

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.
We have audited the financial statements of the Corporation as of and for the year ended June 30, 2014, and have issued our report thereon dated September 30, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Ridgeland, Mississippi
September 30, 2014
## Federal Granting Agency/ Grant Program/Grant Contract

<table>
<thead>
<tr>
<th>Federal Granting Agency/ Grant Program/Grant Contract</th>
<th>Federal CFDA Number</th>
<th>Grant/ Contract Period</th>
<th>Grant/ Contract Award as of June 30, 2014</th>
<th>Federal Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Agriculture Rural Development</td>
<td>10.415</td>
<td>05/05/08 - 05/05/38</td>
<td>$2,000,000</td>
<td>$654,859</td>
</tr>
<tr>
<td>Department of Treasury</td>
<td>21.Unknown</td>
<td>09/23/10 - 12/31/17</td>
<td>$101,888,323</td>
<td>$19,621,870</td>
</tr>
<tr>
<td>Total direct programs</td>
<td></td>
<td></td>
<td></td>
<td>$20,276,729</td>
</tr>
<tr>
<td>Pass-Through Programs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mississippi Development Authority</td>
<td>14.239</td>
<td>07/11/11 - 12/31/13</td>
<td>$750,000</td>
<td>$200,300</td>
</tr>
<tr>
<td>M10-SG-280-11010 (HLP)</td>
<td>14.239</td>
<td>11/29/10 - 12/30/13</td>
<td>$2,871,332</td>
<td>$24,277</td>
</tr>
<tr>
<td>1223-M11-SG-280-HLP-11010</td>
<td>14.239</td>
<td>07/01/11 - 12/11/14</td>
<td>$1,530,881</td>
<td>$1,439,466</td>
</tr>
<tr>
<td>1224-M12-SG-280-11010 (HLP)</td>
<td>14.239</td>
<td>03/25/13 - 03/25/15</td>
<td>$1,500,000</td>
<td>$341,881</td>
</tr>
<tr>
<td>1223-M11-SG-280-11010-033 (Windale)</td>
<td>14.239</td>
<td>09/06/13 - 09/06/16</td>
<td>$350,000</td>
<td>$350,000</td>
</tr>
<tr>
<td>Total pass-through programs</td>
<td></td>
<td></td>
<td></td>
<td>$2,355,924</td>
</tr>
<tr>
<td>Total all programs</td>
<td></td>
<td></td>
<td></td>
<td>$22,632,653</td>
</tr>
</tbody>
</table>

### Note 1. Basis of Presentation

The above Schedule of Expenditures of Federal Awards includes the federal grant activity for the period July 1, 2013 to June 30, 2014, for Mississippi Home Corporation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of financial statements.

### Note 2. Loans Outstanding

Mississippi Home Corporation had the following note outstanding with the Department of Agriculture Rural Development Program at June 30, 2014.

<table>
<thead>
<tr>
<th>Program Title Outstanding</th>
<th>CFDA No.</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Corporate Fund - Notes Payable</td>
<td>10.415</td>
<td>$1,893,724</td>
</tr>
</tbody>
</table>

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Section I - Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued: Unmodified

2. Internal control over financial reporting:
   a. Material weaknesses identified: No
   b. Significant deficiencies identified: None reported

3. Noncompliance material to financial statements noted: No

Federal Awards:

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

   Internal control over major programs:
   a. Material weaknesses identified: No
   b. Significant deficiencies identified: 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:
   Hardest Hit Fund: CFDA# 21.unknown

7. Dollar threshold used to distinguish between type A and type B programs: $678,980

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 - continued
June 30, 2014

Section III – Findings and Questioned Costs for Federal Awards

No matters reported.
MISSISSIPPI HOME CORPORATION
Summary Schedule of Prior Audit Findings
June 30, 2014

The Corporation had no findings in the prior year.