THE RESOURCE FOUNDATION, INC.

FINANCIAL STATEMENTS
December 31, 2016

TWRU
CPAs & Financial Advisors

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TABLE OF CONTENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Resource Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The Resource Foundation, Inc. (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Resource Foundation, Inc. as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer is required by Louisiana Revised Statue 24:513(A)(3) and is presented for purposes of additional analysis 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2019, on our consideration of The Resource Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Resource Foundation, Inc.'s internal control over financial reporting and compliance.

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Baton Rouge, Louisiana
May 13, 2019

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THE RESOURCE FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION
December 31, 2016

ASSETS

Current Assets:	
Cash	$ 268,377
Accounts Receivable - Tenants	4,545
Accounts Receivable - Others	33,565
Inventory of Real Property	4,815,038
Prepaid Expenses	11,984
Total Current Assets	5,133,509
Restricted Cash and Funded Reserves:	
Tenant Security Deposits	14,950
Interest Reserve	340
Total Restricted Cash and Funded Reserves	15,290
Property & Equipment:	
Land-Rental Property	880,000
Rental Property	4,235,259
Leasehold Improvements	29,045
Equipment and Furniture	315,046
Total Property & Equipment	5,459,350
Less Accumulated Depreciation	753,552
Net Property & Equipment	4,705,798
Other Assets:	
Notes Receivable, net of Unamortized Discount and Allowance for Doubtful Accounts of $6,144	38,962
Investments in Partnerships	37,790
Total Other Assets	76,752
Total Assets	$ 9,931,349

See Notes to Financial Statements

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LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts Payable	$ 72,211
Accrued Interest Payable	11,770
Other Accrued Expenses	434,980
Due to Former Officer	501,500
Current Portion of Long-Term Debt	2,926,350
Total Current Liabilities	3,946,811
Deposits and Prepayment Liabilities:	
Tenant Security Deposits	14,600
Prepaid Rents	1,423
Total Deposits and Prepayment Liabilities	16,023
Non-Current Liabilities:	
Due to Affiliates	93,585
Long-Term Debt (Net of Current Portion)	1,895,984
Total Non-Current Liabilities	1,989,569
Total Liabilities	5,952,403
Net Assets - Unrestricted	3,978,946
Total Liabilities and Net Assets	$ 9,931,349

THE RESOURCE FOUNDATION, INC.

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

Support and Revenues:	
Rental Income and Other Tenant Charges	$ 418,137
Contract and Case Management Revenue	1,577
Sale of Real Property	313,000
Less: Cost of Real Property Sold	(252,025)
Contribution and Grant Income	40,000
Total Support and Revenues	520,689
Expenses:	
Program Services:	
Housing and Related Services	227,169
Support Services:	
Management and General	273,213
Total Expenses	500,382
Increase in Net Assets Before Depreciation and Interest Expense	20,307
Depreciation	143,171
Interest Expense	207,611
Total Depreciation and Interest Expense	350,782
Total Decrease in Net Assets Before Other Income	(330,475)
Other Income (Expense)	
Recoveries on Notes Receivable	28,000
Partnership Income (Loss)	(36,540)
Interest Income	11
Total Other Expense	(8,529)
Decrease in Net Assets	(339,004)
Net Assets, December 31, 2015	4,317,950
Net Assets, December 31, 2016	$ 3,978,946

See Notes to Financial Statements

THE RESOURCE FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2016

	Program Services Housing and Related Assistance	Supporting Services Management and General	Totals
Insurance	$ 30,479	$ 10,694	$ 41,173
Maintenance and Repairs	126,967	20,505	147,472
Office Expense	38,803	4,540	43,343
Payroll and Related Costs	-	185,906	185,906
Professional Fees	6,930	47,497	54,427
Taxes	16,476	245	16,721
Telephone	-	1,120	1,120
Travel and Food	-	266	266
Utilities	7,514	-	7,514
Other Management and General Expenses	-	2,440	2,440
Total Expenses	$ 227,169	$ 273,213	$ 500,382

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THE RESOURCE FOUNDATION, INC.

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2016

Cash Flows from Operating Activities:	
Decrease in Net Assets	$ (339,004)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	143,171
Partnership Investment Losses	36,540
Decrease (Increase) in Operating Assets:	
Accounts Receivable - Tenants	(1,412)
Accounts Receivable - Others	(24,923)
Prepaid Expenses	(776)
Inventory of Real Property	(384,025)
Tenant Security Deposits	(3,400)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	31,298
Accrued Expenses	197,633
Security Deposits - Liability	3,750
Prepaid Rents	570
Net Cash Used in Operating Activities	(340,578)
Cash Flows from Investing Activities:	
Decrease to Interest Reserve	(2)
Collection on Notes Receivable	1,686
Net Cash Provided by Investing Activities	1,684
Cash Flows from Financing Activities:	
Repayment of Long-Term Borrowings	(361,079)
Proceeds from Long-Term Borrowings	628,325
Net Cash Provided by Financing Activities	267,246
Net Decrease in Cash	(71,648)
Beginning Cash	340,025
Ending Cash	$ 268,377

See Notes to Financial Statements

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THE RESOURCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Entity – The Resource Foundation, Inc. ("Foundation") is a Tennessee not-for-profit corporation. The mission of the Foundation is to create affordable housing and strong neighborhoods. The Foundation primarily serves low and moderate income persons. The Foundation's program is to provide housing, homebuyer education, and lending service to its clients. Since its organization in 1988, the Foundation has always sought to provide affordable housing to those persons most in need. Over the years, the Foundation has successfully partnered with public and private organizations at the local, state and national levels to accomplish its mission.

Basis of Accounting – The accrual basis of accounting is used, whereby revenues are recognized when earned and expenses are recognized when incurred, in accordance with generally accepted accounting principles.

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 could affect certain reported amounts assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash – Cash consists of unrestricted cash on hand, cash in various bank accounts, and all highly liquid unrestricted investments with an original maturity of three months or less.

Accounts and Tenant Receivables – Revenues are recognized when services are rendered. Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Foundation uses the allowance method to account for doubtful accounts receivable. The allowance is established through a provision for bad debts charged to expense. Accounts receivable are charged against the allowance for doubtful accounts when management believes that the collectability of an account is unlikely. Bad debt expense on accounts receivable for the year ended December 31, 2016 was $0.

Tenant rent charges for current month are due on the first of the month. Tenants who are evicted or move out are charged with damages or cleaning fees, if applicable. Tenant receivable consists of amounts due for rental income, security deposit, or charges for damages and cleaning fees.

The managers of the apartments send tenants monthly collection notices on past due amounts. Tenants with past due accounts are subject to eviction. Once collection procedures have failed and the tenant has been evicted or moved out, the account balance is written off. Any subsequent collections are coded to rental income at the time of collection.

THE RESOURCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Support – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Property and Equipment – Property, consisting of land and buildings held for residential rental, and equipment are recorded at cost. Maintenance and repairs are expensed as incurred; major renewals and improvements are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities.

Depreciation is computed using the straight-line and accelerated methods over the estimated useful lives of the related assets.

Fair Value of Long-Term Debt – Based on the borrowing rates currently available to the Company for similar loans with similar terms and maturities, the carrying amount of its long-term debt approximates its fair value.

Advertising Costs – Advertising costs are expensed as incurred. There were no advertising costs for the year ending December 31, 2016.

Functional Allocation of Expenses – Expenses, which are directly related to a function, are charged to that function. Expenses that are related to more than one function are allocated to the applicable functions based upon various allocation methods in order to reflect the total cost of each function.

Concentration of Credit Risk – Cash is held in bank accounts and is covered by FDIC insurance up to an aggregate of $250,000 at each institution.

Financial Instruments – The Foundation's financial instruments consist of accounts receivable, investments, accounts payable, other accrued liabilities, and long-term liabilities. It is management's opinion that the Foundation is not exposed to significant interest rate risk or credit risk arising from any of the aforementioned instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

Income Taxes – The Foundation is exempt from income taxes under the provisions of Internal Revenue Code Section 501(c) (3). Any taxable income generated by the activities of wholly owned for profit subsidiaries is generally subject to federal and state income taxes.

THE RESOURCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2: ACCOUNTS AND TENANT RECEIVABLES

At December 31, 2016, accounts and tenant receivables consist of amounts due from tenants, grantor organizations and others as follows:

	Foundation
Trade Accounts Receivable – Tenants	$ 4,545
Trade Accounts Receivable – Others	33,565
Contracts Receivable (Louisiana Recovery Authority)	296,083
Less: Allowance for Doubtful Accounts	(296,083)
Total	$ 38,110

NOTE 3: INVESTMENT IN LIMITED PARTNERSHIPS

The Foundation owns directly or indirectly interests as general partner, co-general partner or limited partner in various limited partnerships, which own and operate apartment complexes financed with mortgages insured by the U.S. Department of Housing and Urban Development or financed by the U.S. Department of Agriculture, Rural Development. These interests are accounted for by the equity method of accounting. Under this method, the initial investment in and subsequent advances to the partnership are recorded at cost, which is then adjusted for the Foundation's allocable share of taxable earnings or losses of the investee.

Recognition of pass-through losses is discontinued when the net investment is reduced to zero for those limited partnerships in which the underlying mortgages are without recourse to the Foundation.

The investments and their carrying value at December 31, 2016 are as follows:

Garden Park	$ 492
Providence Place	37,223
Tallulah Cove	-
Willow Villas	75
	$ 37,790

NOTE 4: NOTES RECEIVABLE

Notes receivable consist of non-interest bearing notes, with remaining balances totaling $38,963 at December 31, 2016, which are secured by first or second mortgages on homes sold in the Nashville, Tennessee area. The notes are reported net of an allowance for uncollectible amounts of $4,546 at December 31, 2016. Changes in economic conditions in the area could result in the borrowers' inability to repay the loans in full. The note principal has also been discounted at 6% per year on the outstanding balances until maturity. The unamortized discount on the notes amounted to $1,598 at December 31, 2016. Payments on the remaining notes totaling approximately $443 are due each month.

During the year ended December 31, 2016, the Foundation recorded $28,000 in recoveries of amounts previously written off.

THE RESOURCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5: INVENTORY OF REAL PROPERTY

Inventory of real property is summarized as follows as of December 31, 2016:

	12/31/15	Additions	Deletions	12/31/16
Single-Family Subdivision	$ 3,938,011	$ 733,455	$ (349,430)	$ 4,322,036
Land	493,002	-	-	493,002
	$ 4,431,013	$ 733,455	$ (349,430)	$ 4,815,038

NOTE 6: PROPERTY AND EQUIPMENT

Land, property and equipment are summarized by major classifications as follows for the year ended December 31, 2016:

	12/31/15	Additions	Deletions	12/31/16
Vehicles	$ 22,200	$ -	$ -	$ 22,200
Land	880,000	-	-	880,000
Buildings and Improvements	4,264,304	-	-	4,264,304
Equipment and Furniture	292,846	-	-	292,846
	5,459,350	-	-	5,459,350
Less: Accumulated Depreciation	(610,381)	(143,171)	-	(753,552)
	$ 4,848,969			$ 4,705,798

Depreciation expense for the year ended December 31, 2016 was $143,171.

NOTE 7: RELATED PARTY TRANSACTIONS

The Company is related to the following entities through common officers and directors. Amounts outstanding as of December 31, 2016 are as follows:

	Foundation
Due to AHRD	$ 58,133
Due to MDHA	35,452
Due to affiliates	$ 93,585

These amounts are without interest and have no stated maturity date.

THE RESOURCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 7: RELATED PARTY TRANSACTIONS (CONTINUED)

The former President of the Foundation has a 16% ownership interest in Triad Interests, LLC. Interstate Builders, LLC is a wholly-owned subsidiary of Triad Interests, LLC. Interstate Builders, LLC advanced the Foundation $9,000 and $50 in 2014 and 2013, respectively. During 2014, the Foundation repaid $8,000. The balance of the advance as of December 31, 2016 was $1,050. The advance is non-interest bearing and is due upon demand and is included in long-term debt.

NOTE 8: NOTES PAYABLE-RELATED PARTY

The former President of the Foundation has advanced the Foundation $501,500 as of December 31, 2016. The advances are non-interest bearing and are due upon demand. In addition, the former President paid interest, bank fees, and miscellaneous expenses on behalf of the Foundation totaling $23,459 in 2016 for the Foundation. Included in accounts payable at December 31, 2016 was $36,650 owed to the former President.

NOTE 9: LONG TERM DEBT

Long term debt consisted of the following at December 31, 2016:

Note payable to credit union – due February 3, 2017, including interest at 7%, secured by real property	$	1,602,052
Note payable to Louisiana Housing Corporation – due March 1, 2013, including interest at 0%, secured by real property		424,158
Note payable to Local Initiative Support Corporation – due June 1, 2011, including interest at 0%, secured by real property. The note was subsequently renewed with a maturity date of June 1, 2018 at 0% interest		833,333
Note payable to Local Initiative Support Corporation – due June 1, 2011, including interest at 8.25%, secured by real property. The note was subsequently renewed with a maturity date of June 1, 2018 at 6% interest		775,547
Note payable to Local Initiative Support Corporation – due February 1, 2013, including interest at 0%, secured by real property. The note was subsequently renewed with a maturity date of June 1, 2018 at 0% interest		320,000
Various construction loans payable to bank – due in 2017, including interest at 5.25%, secured by real property		503,525

THE RESOURCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 9: LONG TERM DEBT (CONTINUED)

Note payable to bank – due April 9, 2017, including interest at 4.5%, secured by real property and guaranteed by the former president		74,609
Note payable to bank – due April 30, 2017, including interest at 5.0%, secured by real property and guaranteed by the former president		288,060
Note payable to Interstate Builders, LLC – due on demand, including interest at 0%		1,050
Total	$	4,822,334
Less current maturities		(2,926,350)
	$	1,895,984

Maturities are as follows for the years ending December 31:

2017	$	2,926,350
2018		1,895,984
	$	4,822,334

NOTE 10: LEASES

The Foundation leases residential rental property to tenants under operating leases requiring fixed monthly payments over one-year terms. Leases may be cancelled by either party and rents may be changed based on income verifications. Future minimum lease receipts are indeterminable at this time due to the nature of the tenants.

NOTE 11: SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Interest paid on short-term and long-term debt for the year ended December 31, 2016 was $207,611.

NOTE 12: SUBSEQUENT EVENTS

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through the date of May 13, 2019, the date the financial statements were available to be issued.

In 2017, the Foundation sold rental property for $2,850,000. Approximately $2,230,000 of long-term debt was paid off upon the sale of the property.

In 2019, the Foundation sold its remaining single-family subdivision lots for $2,257,600. Approximately $1,885,000 of long-term debt that was due in 2018 was paid off upon the sale of the property.

THE RESOURCE FOUNDATION, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
Baton Rouge, Louisiana

SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD, POLITICAL SUBDIVISION HEAD, OR CHIEF EXECUTIVE OFFICER
Year Ended December 31, 2016

Agency Head: E.D. Latimer, CEO

PURPOSE	Totals
Salary	$ -
Benefits - Medical Insurance	-
Benefits - Retirement	-
Benefits - Life Insurance	-
Conference Travel	-
Cellular Phone	-
TOTAL PAYMENTS TO AGENCY HEAD	$ -

Board Members were not paid in non-employee or employee compensation for attending board meetings.

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

To the Board of Directors of
The Resource Foundation, Inc.

We have audited, 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, the financial statements of The Resource Foundation, Inc. (the Foundation) (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 13, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention to those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency [2016-001].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item [2016-001].

The Foundation's Response to Findings

The Foundation's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Foundation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
May 13, 2019

THE RESOURCE FOUNDATION, INC.

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2016

SUMMARY OF AUDITORS' REPORTS

Financial Statements:

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified Opinion

Internal Control over financial reporting:

Material weakness(es) identified	No
Significant deficiency(ies) identified	Yes
Noncompliance material to financial statements	Yes

FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED *GOVERNMENT AUDITING STANDARDS*

[2016-001] Late financial reporting to the Louisiana Legislative Auditor

Criteria: State statute requires annual financial reporting to the Louisiana Legislative Auditor within 180 days after year end.

Condition: The Foundation did not submit the 2016 audit by the June 30, 2017 deadline.

Effect: The Foundation may not be in compliance with state law.

Cause: There was miscommunication, which was subsequently resolved, over previous audit fees delaying the start of the 2016 audit.

Repeat Finding: This is a repeat finding from the immediate previous audit 2015-001.

Recommendation: Management should comply with state law and file its report on time as required.

Management's Response: Management agrees with this finding and will endeavor to adhere to the compliance with state law in the future.

THE RESOURCE FOUNDATION, INC.

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
For the Year Ended December 31, 2016

FINDING [2014-001]

[2015-001]: Late financial reporting to the Louisiana Legislative Auditor

CORRECTIVE ACTION TAKEN

Corrected: The 2015 audit was submitted in January 2019.

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