ACADIANA DEVELOPMENT FOUNDATION

Project No. NOAH-2017-8 COMPILED FINANCIAL STATEMENTS

DECEMBER 31, 2019

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VIGE, TUJAGUE 🧠 NOEL

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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To the Members Acadiana Development Foundation Lafayette, Louisiana

Management is responsible for the accompanying financial statements of Acadiana Development Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The accompanying Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 13, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subjected to our compilation engagement, but we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on it.

Vige, Tujague & Noel
Eunice, Louisiana

June 1, 2020

ACADIANA DEVELOPMENT FOUNDATION PROJECT NO. NOAH-2017-8 STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2019

ASSETS

7100210		
CURRENT ASSETS		
Cash - Operations	\$	3,011
Cash - Construction		71,142
Accounts Receivable - HOME		46,738
Total Current Assets	-	120,891
TENANT DEPOSITS HELD IN TRUST		
Tenant Security Deposits		505
Total Security Deposits		505
FIXED ASSETS		
Land (Non depreciable)		20,000
Building		443,411
Building Equipment		4,140
Total Fixed Assets	-	467,551
Accumulated Depreciation		(2,911)
Net Fixed Assets		464,640
Total Assets	\$	586,036

ACADIANA DEVELOPMENT FOUNDATION PROJECT NO. NOAH-2017-8 STATEMENT OF FINANCIAL POSITION (Continued) DECEMBER 31, 2019

LIABILITIES AND NET ASSETS CURRENT LIABILITIES Accounts Payable - Operations

Accounts Payable - Operations	\$	146
Accounts Payable - Construction		27,675
Accounts Payable - Cost Certification		76,359
Notes Payable - CDI		14,995
Other Loans		65,186
Total Current Liabilities	-	184,361
TENANT DEPOSITS HELD IN TRUST (contra)		
Tenant Security Deposits		525
Total Security Deposits		525

LONG-TERM LIABILITIES

Mortgage Payable - Home Loan	400,000
Total Long-term Liabilities	400,000

Total Liabilities 584,886

NET ASSETS

Net Assets Without Donor Restrictions

Total Net Assets ______1,150

Total Liabilities and Net Assets \$ 586,036

ACADIANA DEVELOPMENT FOUNDATION PROJECT NO. NOAH-2017-8 STATEMENT OF ACTIVITY FOR THE YEAR ENDED DECEMBER 31, 2019

REVENUES	
Rent Revenue - Gross Potential	\$ 3,056
Tenant Assistance Payments	596
Total Rent Revenue	3,652
Vacancies - Apartments	_
Total Vacancies	
Net Rental Revenue	3,652
Miscellaneous Revenue	1,215
Total Other Revenue	1,215
Total Revenue	4,867
EXPENSES	
Office Expenses	10
Total Administrative Expenses	10
Utilties	796
Total Utilities	796
Total Cost of Operations before	
Depreciation	806
Change in Net Assets before	
Depreciation	4,061
Depreciation Expense	2,911
Change in Net Assets	\$ 1,150

See Accountant's Compilation Report.

ACADIANA DEVELOPMENT FOUNDATION PROJECT NO. NOAH-2017-8 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2019

Previous Year Net Assets	\$ -		
Change in Net Assets		1,150	
Net Assets, End of Year	\$	1,150	

See Accountant's Compilation Report.

ACADIANA DEVELOPMENT FOUNDATION PROJECT NO. NOAH-2017-8 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Receipts:	
Rental Receipts	\$ 3,652
Interest Receipts	-
Other Operating Receipts	(45,523)
Total Receipts	(41,871)
Operating disbursements:	
Administrative	(10)
Utilities	(650)
Tenant Security Deposits	20
Construction disbursements	184,215
Total Disbursements	183,575
Net Cash Provided (Used) by Operating Activities	141,704
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Fixed Assets	(467,551)
Net Cash Provided (Used) by Investing Activities	(467,551)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from mortgages, loans or notes payable	400,000
Net Cash Provided (Used) in Financing Activities	400,000
Net Increase (Decrease) in Cash	74,153
Cash, Beginning of Year	
Cash, End of Year	\$ 74,153

ACADIANA DEVELOPMENT FOUNDATION PROJECT NO. NOAH-2017-8 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2019

Reconciliation of net loss to net cash provided (used) by operating activities:

Change in net assets	\$	1,150
Adjustment to reconcile net loss to net cash provided (used) by ope	rating a	ctivities:
Depreciation expense		2,911
Decrease (increase) in -		
Accounts receivable		(46,738)
Cash restricted for tenant security deposits		(505)
Increase (decrease) in -		
Accounts payable - operations		146
Accounts payable - cost certification		76,359
Tenant security deposits held in trust		525
Other loans payable		80,181
Construction liability accounts		27,675
Net cash provided (used)by operating activities	\$	141,704
Beginning Cash, January 1, 2019		
Operations	\$	-
Construction		
Total Beginning Cash, January 1, 2019		Ţ,
Ending Cash, December 31, 2019		
Operations		3,011
Construction		71,142
Total Ending Cash, December 31, 2019		74,153
Net Increase (Decrease) in Cash	\$	74,153

See Accountant's Compilation Report.

Note 1 - Organization and Basis of Presentation

Organization: Acadiana Development Foundation is a nonprofit corporation organized under laws of the State of Louisiana, and registered and licensed in the State of Louisiana. It is a 3 unit housing complex located in Lafayette, Louisiana. The Corporation will operate under the provisions of the National Affordable Housing Act.

Accounting policies and practices:

The accounting and reporting policies of Acadiana Development Foundation (a nonprofit corporation), conform to accounting principles generally accepted in the United States of America and the requirements of the United States Department of Housing and Urban Development. The following is a description of certain significant accounting policies and practices:

Method of accounting:

The accrual method of accounting is used for financial statement purposes.

Cash and cash equivalents:

For purposes of reporting cash flows, the Project considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The project has no cash equivalents at December 31, 2019.

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 statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of credit risk:

Financial instruments that potentially subject the Project to significant concentrations of credit risk consist primarily of cash, investments and tenant receivables.

The Project places its cash and investments with high quality financial institutions. At times such amounts may be in excess of FDIC insurance limits. The Project does not have a policy of requiring collateral to support the accounts subject to credit risk. Credit risk with respect to tenant receivables is generally diversified due to a large number of tenants; however, the Project's tenant base is limited to Lafayette, Louisiana and the surrounding area.

Impairment of Long-Lived Assets:

The organization reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Property and depreciation:

Property and equipment are recorded at cost. Additions or improvements are capitalized. Repairs and maintenance that do not materially increase values or extend useful lives are expended. Cost and accumulated depreciation are removed from the accounts when assets are sold or retired. The resulting gains or losses are included in income.

Depreciation of property and equipment is computed using the straight-line method of depreciation primarily over the following estimated useful lives:

	Years
Buildings	40
Building equipment (portable)	5-10
Furniture for project/tenant use	5-10
Office furniture and equipment	5-10

The Project's capitalization policy is to capitalize purchases of property and equipment whose cost exceeds \$1,500.

Income taxes:

Acadiana Development Foundation (a nonprofit corporation) has been granted an exemption from income taxes as a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code.

Distributions:

The Project's regulatory agreement with HUD stipulates, among other things, that the Project will not make distributions of assets or income to any of its officers or directors.

Rental income:

Rental income and receivables are recorded on the accrual basis of accounting based on 100% occupancy. Payments made by tenants in advance of the months for which such payments are due are recorded as deferred liabilities until such time as the advance payments are applied against offsetting receivables for rent. Rent increases are prohibited without prior approval from the Department of Housing and Urban Development. No allowance for doubtful accounts is recorded as management believes tenant security deposits should cover any amount due to the project. Any bad debts are charged off as they become worthless.

Advertising:

Advertising costs are expensed as incurred. Advertising expense was \$0 for the year ended December 31, 2019.

Classification of Net Assets:

Net assets of the Project are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Project. Certain restrictions may need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

The Project does not interpret the guidance in the standard to include amounts restricted by HUD as donor-restricted. The project believes that these amounts do not meet the spirit of the standard for such a classification or that there is any standard indicating that others will treat these assets as donor-restricted.

All assets of the Project at December 31, 2019 were considered to be net assets without donor restrictions.

Note 2 - Unrestricted Net Assets

None of the Project's net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as unrestricted net assets.

Note 3 - Functional Allocation of Expenses

Expenditures incurred in connection with the Project operations have been summarized on a functional basis in the Statement of Activities.

Note 4 - Financial Statement Presentation

The Project 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. In addition, the Organization is required to present a statement of cash flows.

Note 5 - Certificate of Occupancy

The Certificate of Occupancy of the 3 units was signed September 19, 2019.

Acadiana Development Foundation acquired a HOME loan in the amount of \$400,000 dated December 13, 2018, for a term of 30 years, secured by a mortgage on Maison De La Paix V Apartments.

Simple interest under this HOME Note shall be computed at 3.02% per annum on the basis of a three hundred sixty (360) day year consisting of twelve (12) thirty (30) day months.

- a. <u>Annual Installments</u>. Payments of interest and principal under this HOME Note shall be made in annual installments to be paid to LHC on or before April 1 of each calendar year of the HOME Loan Term commencing January 15, 2019*2-Construction Term Date. Each Annual Installment shall equal seventy five percent (75%) of Surplus Cash to be paid solely from Surplus Cash to the extent Surplus Cash is generated from the operation of the Project. Notwithstanding the foregoing to the contrary, all outstanding Indebtedness under this HOME Note is due on the Maturity Date. Annual Installments shall not be paid hereunder until the payment in full of the developer fee, including deferred developer fee, in connection with the Project.
- b. Payments Before Due Date. Any regularly scheduled annual installment of principal and interest that is received by LHC before the date it is due shall be deemed to have been received on the due date solely for the purpose of calculating interest due.
- c. <u>Audit of Surplus Cash</u>. Annually, within one hundred and twenty (120) days after the end of Borrower's fiscal year, Borrower shall provide LHC with an Owner certified financial statement or audited schedule of Surplus Cash by an independent auditor for the previous year, certified to be true and correct by Borrower.
- d. Accrued Interest. In any year in which there is no Surplus Cash to pay accrued interest on this HOME Note, any accrued by unpaid interest on this HOME Note shall not be added to or become part of the unpaid principal balance of this HOME Note but shall be paid first in any subsequent year from available Surplus Cash prior to any distribution of Surplus Cash to the Borrower in such year. Until the accrued but unpaid interest on this HOME Note is paid, there shall be not distribution of any Surplus Cash to the Borrower without the express written approval of the LHC.

Note 6 - Subsequent Events

The Project has evaluated subsequent events through June 1, 2020, the date which the financial statements were available to be issued for events requiring recording or disclosure in the organization's financial statements.

Note 7 - Liquidity

At December 31, 2019, the Project has \$74,153 cash and equivalents available to meet needs for general expenditures consisting of cash of \$74,153 and \$0 of accounts receivable. None of the financial assets are subject to donor or other contractual restrictions. Accordingly, all such funds are available to meet the cash needs of the projects in the next 12 months. In addition, the Project may maintain funds in a reserve for replacement or operating deficit. These funds are used for the benefit of the tenants and/or Project and are required by LHC. The funds may be withdrawn only with the approval of LHC. Such funds are not considered by the Project to have donor-restrictions.

The Project manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Project are expected to be met on a monthly basis from the rents of project units. In general, the Project maintains sufficient financial assets on hand to meet 30 days worth of normal operating expenses.

Note 8 - Functional Expenses

The Project provides low-income housing to its tenants. The cost of providing program services and supporting activities has been summarized on a functional basis in the table below. Expenses directly attributable to a specific functional activity of the Project are reported as expenses of those functional activities. There are no functional expenses that require allocation between activities.

	Program Services			Supporting Activities				
FASSUB Line Items	Rental Operations		Service Coordinator		Management and General		Total Expenses	
Administrative	\$	10	\$	-	\$	-	\$	10
Utilities		796		-		-		796
Depreciation		2,911		-		-		2,911
Total	\$	3,717	\$	-	\$	-	\$	3,717

ACADIANA DEVELOPMENT FOUNDATION PROJECT NO. NOAH-2017-8 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXCUTIVE OFFICER December 31, 2019

Agency Head Name: John Lamke, President

Service Period: 12 months

Purpose:

Amount \$0

Salary