

PARTNERS FOR PROGRESS, INCORPORATED

**(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF
EAST BATON ROUGE PARISH)**

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2018

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Partners for Progress, Incorporated
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Partners for Progress, Incorporated (the Corporation) (a Non-Profit corporation), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, 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 evaluating 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 Corporation as of September 30, 2018, 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.

Emphasis-of-Matter Regarding Prior Year Restatement

As described in Note 16 to the financial statement, it was discovered that the previously issued financial statements contained a material misstatement. Assets held for sale and mortgage receivable were understated and notes payable was understated in the prior year. This error caused an understatement of net assets. Our opinion is not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to the Chief Executive Officer is presented for the Louisiana Legislative Auditor's information and are a required part of the financial statements. The schedule of federal expenditures of federal awards and the schedule of findings and question costs is also presented for purposes of additional analysis and is not a required part of the basic 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 8, 2019, on our consideration of the Corporation'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 solely 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 the effectiveness of the Corporation's 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 Corporation's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Lakeland, Florida
May 8, 2019

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	56,290
Accounts Receivable, Copper Oaks, LLC		589,896
Accounts Receivable - Other		173,160
Prepaid Costs		1,692
Assets Held for Sale		46,250
Total Current Assets		867,288

CAPITAL ASSETS

Furniture and Equipment		15,418
Less: Accumulated Depreciation		(10,793)
Net Capital Assets		4,625

OTHER ASSETS

Mortgage Receivable		279,855
Notes Receivable		980,200
Total Other Assets		1,260,055

Total Assets	\$	2,131,968
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See accompanying Notes to Financial Statements.

PARTNERS FOR PROGRESS, INCORPORATED
 (A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts Payable	\$	559
Due to Primary Government		210,489
Accrued Wages and Payroll Taxes		6,121
Accrued Compensated Absences		3,344
Current Portion of Long Term Capital Debt		137,125
Total Current Liabilities		357,638

LONG-TERM LIABILITIES

Long Term Capital Debt, Net of Current		1,326,284
Total Long Term Liabilities		1,326,284

Total Liabilities		1,683,922
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NET ASSETS

Net Assets - Unrestricted		448,046
Total Net Assets		448,046

Total Liabilities and Net Assets	\$	2,131,968
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See accompanying Notes to Financial Statements.

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2018

OPERATING REVENUES	
HOME Loan Forgiveness	\$ 331,875
Other Revenue	42,964
Total Operating Revenues	<u>374,839</u>
OPERATING EXPENSES	
Administrative	279,614
Tenant Services	30,000
Utilities	1,763
Maintenance and Operations	2,056
Insurance	8,965
Depreciation	1,542
Total Operating Expenses	<u>323,940</u>
OPERATING INCOME	50,899
NON-OPERATING REVENUE (EXPENSE)	
Loss on Sale of Assets	<u>(47,250)</u>
Total Nonoperating Expenses	(47,250)
INCREASE IN NET ASSETS	3,649
Net Assets - Beginning of Year	477,608
Prior Period Adjustment	(33,211)
Net Assets, Beginning of Year as Restated	<u>444,397</u>
NET ASSETS - END OF YEAR	<u><u>\$ 448,046</u></u>

See accompanying Notes to Financial Statements.

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Other Grants	\$ 90,000
Other income receipts	145,653
Cash Payments for Salaries and Benefits	(160,415)
Cash Payments to Vendors	49,534
Net Cash Provided by Operating Activities	124,772

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Repayment of Capital Debt Principal	(266,363)
Net Cash Provided (Used) by Capital and Related Financing Activities	(266,363)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Assets Held for Sale	26,750
Net Cash Provided by Investing Activities	26,750

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

(114,841)

Cash and Cash Equivalents - Beginning of Year

171,131

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 56,290

RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH USED BY OPERATING ACTIVITIES

Income (Loss) from Operations	\$ 50,899
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash and Cash Equivalents:	
Depreciation Expense	1,542
(Increase) Decrease in Assets:	
Accounts Receivable - Other Government	90,000
Accounts Receivable - Miscellaneous	(229,186)
Prepaid Expenses	(151)
Increase (Decrease) in Liabilities:	
Accounts Payable	284
Accrued Wages/Payroll Taxes Payable	1,258
Accrued Compensated Absences	(364)
Accounts Payable - HUD PHA Programs	210,490
Net Cash Used/Provided by Operating Activities	\$ 124,772

See accompanying Notes to Financial Statements.

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
NOTE TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 REPORTING ENTITY DEFINITION

Partners for Progress, Incorporated (the Corporation) is a not-for-profit Louisiana corporation, which was created as an instrumentality of The Housing Authority of East Baton Rouge Parish (the Authority) to develop low to moderate income housing in the Baton Rouge community. Because the Authority appoints a voting majority of the Corporation's governing body, and the Authority may significantly influence the activities of the Corporation, the Corporation is a component unit of the Authority. GASB Statement Nos. 14, 39 and 61 established criteria for determining the Authority's inclusion of the Corporation as a component unit of the Authority. Since the Corporation maintains a substantively different governing board than the Authority, and the benefits derived from the services the Corporation provides extend beyond the Authority, the Corporation is considered to be a discrete component unit of the Authority and the financial activity of the Corporation is reported separately in the financial statements of the Authority. The organization's fiscal year end is September 30.

The Corporation's financial statements include the financial statements of the following wholly owned limited liability companies:

Partners for Progress Development Company, LLC

Partners for Progress Development Company, LLC was created to function as an instrumentality of the Corporation to facilitate the development of twenty-five single family rental homes for low to moderate income families known as Brookstown Place Subdivision. Partners for Progress, Incorporated is the sole member of Partners for Progress Development Company, LLC.

Cedar Pointe Development, LLC

Cedar Pointe Development, LLC was created to function as an instrumentality of the Corporation to facilitate the development of eighty single family rental homes for low to moderate income families known as Cedar Pointe Subdivision. Partners for Progress, Incorporated is the sole member of Cedar Pointe Development, LLC.

Wesley Chapel Development, LLC

Wesley Chapel Development, LLC was created to function as an instrumentality of the Corporation to facilitate the rehabilitation of an eighty-two unit apartment complex for low to moderate income families known as Wesley Chapel Apartments. Partners for Progress, Incorporated is the sole member of Wesley Chapel Development, LLC.

Hospital Plaza I, LLC

Hospital Plaza I, LLC was created to function as an instrumentality of the Corporation to facilitate the development of a townhouse community for low income families known as Willow Creek Townhomes. Partners for Progress, Incorporated is the sole member of Hospital Plaza I, LLC.

Colonial Courts I, LLC

Colonial Courts I, LLC was created to function as an instrumentality of the Corporation to facilitate the development of a townhouse community for low income families known as Autumn Place Townhomes. Partners for Progress, Incorporated is the sole member of Colonial Courts I, LLC.

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
NOTE TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 REPORTING ENTITY DEFINITION (CONTINUED)

Roosevelt Terrace, LLC

Roosevelt Terrace, LLC was created to function as an instrumentality of the Corporation to facilitate the rehabilitation and development of an apartment complex for low income families know as Roosevelt Terrace Apartments. Partners for Progress, Incorporated is the sole member of Roosevelt Terrace, LLC.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The Corporation is a not-for-profit Louisiana corporation. Financial statement presentation is in accordance with the Financial Accounting Standards Codification (ASC) for not-for-profit organizations. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing not-for-profit accounting and financial reporting principles.

Cash

The Corporation considers cash on hand and cash in checking to be cash equivalents. Cash on hand is not included in calculation of collateral required.

Accounts Receivable

Accounts receivable consists of the following amounts:

Accounts Recievable - Sale of Homes	\$ 404,479
Accounts Recievable - Costs	95,542
Accounts Recievable - Sale of Land	89,875
Total Accounts Recievable, Copper Oak, LLC	\$ 589,896

Accounts Recievable - River Lofts	\$ 83,890
Accounts Recievable - FEMA	81,050
Accounts Receivable - Other	8,220
Total Accounts Receivable - Other	\$ 173,160

Prepaid Items

Prepaid items consists of payments made to vendors for services that will benefit future periods.

Assets Held for Sale

Assets Held for Sale consists of land and infrastructure expected to be sold within one year and is valued at the lesser of cost or fair value.

Capital Assets

Equipment items are carried at cost and are depreciated over five years. The costs of maintenance and repairs are expensed, while significant renewals and betterments are capitalized. Small dollar value minor equipment items are expensed.

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
NOTE TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Expenses

Accrued expenses consist of accrued employee payroll and earned leave balance.

Revenue

Sales revenue, construction and developer fees, grant revenues and other miscellaneous operating revenues are reported as operating income. Earnings on bank deposits are reported as non-operating income.

Use of Estimates

These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The financial statements include some amounts that are based on management's best estimates and judgments. The most significant estimates relate to the allowances against notes and accounts receivable and allocable shares of developer fees receivable. These estimates may be adjusted as more current information becomes available, and any adjustment could be significant.

NOTE 3 CASH DEPOSITS

Custodial Credit Risk – The Corporation's policy is to limit credit risk by adherence to investments, which are backed by the full faith and credit of or a guarantee of principal and interest by the U.S. Government.

Interest Rate Risk – The Corporation's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from interest rate volatility.

The Corporation's cash and cash equivalents consist of cash held in an interest bearing checking account, totaling \$256,291. As of September 30, 2018, the Corporation's bank balances were fully secured by the Federal Deposit Insurance Corporation (FDIC).

NOTE 4 NOTES RECEIVABLE AND DEVELOPER FEES

Through the Corporation's wholly owned subsidiary entities (Partners for Progress Development Corporation, LLC; Cedar Pointe Development, LLC; Wesley Chapel Development, LLC; Hospital Plaza I, LLC; Colonial Courts I, LLC; and Roosevelt Terrace, LLC) the Corporation has earned developer fees from each of the Partnerships for overseeing the construction and development of four apartment complexes and two townhouse communities. During the fiscal year, the Corporation did not receive developer fees from the Partnerships. As of September 30, 2018, the Corporation's estimated share of the outstanding balances of the developer fee receivables due from the applicable partnerships amounted to \$120,052. Due to uncertainties regarding collectability, Corporation management has elected to reserve the entire amount of the receivables, and to recognize income as funds are received.

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
NOTE TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 4 NOTES RECEIVABLE AND DEVELOPER FEES (CONTINUED)

During fiscal year 2014, the Corporation funded a \$500,000 loan to Wesley Chapel Development, LP under a loan agreement dated in September of 2011, to assist with the construction of the Wesley Chapel Apartments complex. The note is secured with a subordinate mortgage on the property and does not bear interest. The loan is payable from the available income and cash flow of the borrower, as stipulated in the Loan Agreement and matures in July of 2044. The outstanding balance of the note was \$500,000 as of September 30, 2018.

During fiscal year 2015, the Corporation funded a \$480,200 loan to EBRPHA Development 4, LP to assist with the rehabilitation of the Roosevelt Terrace Apartments complex. The nonrecourse note is secured with a subordinate mortgage on the property which has been subsequently assigned to Capital One National Association to secure a related loan issued from the Corporation to Capital One National Association. The loan bears interest at a rate of .25% per annum and is payable from the available income and cash flow of the borrower, as stipulated in the Loan Agreement. The loan matures in September of 2055 and outstanding balance was \$480,200 as of September 30, 2018.

In fiscal year 2016, the Corporation loaned out Copper Oaks, LLC, \$279,855 as an advance to pay for construction costs overruns.

NOTE 5 CAPITAL ASSETS

A summary of the Corporation's capital asset balances and activity, as of and for the year ended September 30, 2018 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Depreciable Capital Assets				
Furniture and Equipment	\$ 15,418	\$ -	\$ -	\$ 15,418
Total Capital Assets	15,418	-	-	15,418
Less: Accumulated Depreciation				
Furniture and Equipment	(9,251)	(1,542)	-	(10,793)
Total Capital Assets, Being Depreciated, Net	<u>6,167</u>	<u>(1,542)</u>	<u>-</u>	<u>4,625</u>
Capital Assets, Net	<u>\$ 6,167</u>	<u>\$ (1,542)</u>	<u>\$ -</u>	<u>\$ 4,625</u>

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
NOTE TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 6 NOTES PAYABLE

The Corporation entered into a loan agreement, effective July 1, 2010, with the City of Baton Rouge in the amount of \$1,475,000 to fund infrastructure costs of a housing development known as Copper Oaks Subdivision, on land the Corporation purchased in Baton Rouge. The development will consist of 40, single-family homes. Infrastructure development began during fiscal year 2012 and was significantly complete as of fiscal year-end 2014. The loan agreement stipulates that a minimum of 11 of the homes must be sold to low-moderate income families who satisfy the HOME Investment Partnership Act federal criteria. As of September 30, 2018, a cumulative total of 35 of the parcels were sold to Copper Oaks Partners, LLC (COP, LLC) for construction and sale to future home owners, 30 of which have been sold to final home owners (leaving COP, LLC with a balance of 10 unsold properties and the Corporation with a balance of five properties which have not been sold to COP, LLC as of September 30, 2018). Interest payments on the principal balance are not required as long as the Corporation administers the home-ownership program in accordance with the loan agreement. The loan is secured by the Copper Oaks property. As of fiscal year-end, the outstanding balance of the loan was \$346,084.

In November of 2011, the Corporation issued a promissory note to Greenwell Land Acquisitions, LLC (GLA, LLC) in the amount of \$370,000 to purchase land from GLA, LLC, on which the Subdivision will be developed. GLA, LLC has agreed to forgive the 6% annual interest rate upon extinguishment of the loan. Therefore, Corporation management has not accrued an interest payable balance. The note matured on December 31, 2014 but has not been paid or refinanced as of the date of these financial statements. The outstanding principal balance on the note as of September 30, 2018 was \$137,125.

During fiscal year 2013, the Corporation (through Wesley Chapel Development, LLC a wholly owned subsidiary entity) received funding under a loan agreement entered into in September of 2012, from the East Baton Rouge Redevelopment Authority. The loan proceeds were used to fund a loan from the Corporation to Wesley Chapel Development, LP, to partially finance the development of a multi-family residential rental project. The loan is noninterest bearing and matures in October of 2047. The note is secured by a subordinate mortgage interest in the applicable project. The outstanding principal balance on the loan as of fiscal year-end 2018 was \$500,000.

During fiscal year 2014, the Corporation issued an Affordable Housing Program promissory note to Capital One National Association in the amount of \$480,200 to fund a loan the Corporation subsequently made to EBRPHA Development 4, LP, to partially finance the rehabilitation of the Roosevelt Terrace Apartment complex. The note is mortgaged with an assigned security interest in the Roosevelt Terrace Apartments property, matures in September of 2029, and will not bear interest as long as the Affordable Housing Program loan criteria are satisfied. The outstanding principal balance on the loan as of fiscal year-end 2018 was \$480,200.

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
NOTE TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 6 NOTES PAYABLE (CONTINUED)

Long-term liability activity for the year ended September 30, 2018, applicable to the Corporation, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Land Acquisition Note Payable	\$ 182,125	\$ -	\$ (45,000)	\$ 137,125	\$ 137,125
HOME Investment Loan	677,959	-	(331,875)	346,084	-
Note Payable due to the East Baton Rouge RDA	500,000	-	-	500,000	-
AHP Loan due to Capital One, National Association	480,200	-	-	480,200	-
Long-Term Liabilities	<u>\$ 1,840,284</u>	<u>\$ -</u>	<u>\$ (376,875)</u>	<u>\$ 1,463,409</u>	<u>\$ 137,125</u>

NOTE 7 DEFERRED COMPENSATION PLAN AND OTHER POST EMPLOYMENT BENEFITS

The Corporation provides deferred compensation benefits for all of its full-time employees through the State of Louisiana Public Employees Deferred Compensation Plan, a defined contribution plan. The plan is administered by Great West Retirement Services. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after twelve months of continuous service. The Corporation contributes approximately 10.5% of the employee's eligible compensation, while the employees are not required to contribute to the plan. During fiscal year 2018, the Corporation made the required contributions in the amount of \$14,702 and the employees contributed \$10,010. The Corporation's contributions for each employee (and interest allocated to the employee's account) are fully vested immediately, upon participation in the plan.

NOTE 8 RISK MANAGEMENT

The Corporation is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As a component unit of the Authority, the Corporation is covered by the Authority's insurance policies. The Authority carries commercial insurance for all risks of loss, including workman's compensation and employee health and accident insurance. The Corporation, through the Authority, has not had any significant reductions in insurance coverage or any claims not reimbursed.

NOTE 9 CONCENTRATION OF RISK

The Corporation receives funding from various affiliated partnerships. Many of these funding arrangements are dependent upon the partnerships attaining various cash flow thresholds and other financing sources.

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
NOTE TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 10 COMMITMENTS AND CONTINGENCIES

The Corporation is the sole member of Wesley Chapel Development, LLC. Wesley Chapel Development, LLC is the general partner of Wesley Chapel Development, LP. In September 2011, Wesley Chapel Development, LP obtained a loan from the Louisiana Housing Finance Agency (LHFA) for \$1,000,000. The note is secured with a mortgage on the leasehold interest in the property and improvements, and an assignment of rents. The loan matures in March of 2041. As of December 31, 2017, the principal balance owed on the loan was \$1,000,000. Corporation management is anticipating the Partnership to report a balance of \$1,000,000 as of December 31, 2018, upon issuance of the Partnership's 2018 financial statements. The Corporation has guaranteed payment of the notes to Home Federal Bank and LHFA. In the event that the partnership defaults, the loans could become a liability of the Corporation.

The Corporation is the sole member of Colonial Courts I, LLC. Colonial Courts I, LLC is the general partner of EBRPHA Development 2, LP. In January 2012, EBRPHA Development 2, LP obtained a loan from The East Baton Rouge Redevelopment Authority (The EBRRA) for an amount up to \$500,000. The note is secured with a mortgage on the leasehold interest in the property and improvements, and an assignment of rents. As of December 31, 2017, the principal balance owed on the loan was \$500,000. The Corporation has guaranteed payment of the loan to The EBRRA. In the event that the partnership defaults, the loans could become a liability of the Corporation.

The Corporation is the sole member of Hospital Plaza I, LLC. Hospital Plaza I, LLC is the general partner of EBRPHA Development 1, LP. In January 2012, EBRPHA Development 1, LP obtained a loan from The East Baton Rouge Redevelopment Authority (The EBRRA) for an amount up to \$500,000. The note is secured with a mortgage on the leasehold interest in the property and improvements, and an assignment of rents. As of December 31, 2017, the principal balance owed on the loan was \$500,000. The Corporation has guaranteed payment of the loan to The EBRRA. In the event that the partnership defaults, the loans could become a liability of the Corporation.

NOTE 11 INCOME TAXES

The Corporation is exempt from income taxes as a public agency, under Section 501(c)4 of the Internal Revenue Code. As such, only unrelated business income is subject to income tax. Currently, the 2015, 2016 and 2017 tax years are open and subject to examination by the Internal Revenue Service. However, the Corporation is not currently under audit nor has the Corporation been contacted by any of these jurisdictions. Based on an evaluation of the Corporation's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the fiscal year-ended September 30, 2018.

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
NOTE TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 12 RELATED PARTNERSHIPS

Through its wholly owned limited liability companies, the Corporation is the general partner in the following Partnerships:

Partners for Progress Development Company, LLC is the general partner of Brookstown Place Partnership. Partners for Progress Development Company, LLC's economic interest in the partnership is .01%, and was negative (\$141) as of December 31, 2017.

Cedar Pointe Development, LLC is the general partner of Cedar Pointe Subdivision Limited Partnership. Cedar Pointe Development, LLC's economic interest in the partnership is .01%, and was negative (\$331) as of December 31, 2017.

Wesley Chapel Development, LLC is the general partner of Wesley Chapel Development, LP. Wesley Chapel Development, LLC's economic interest in the partnership is .01%, and was negative (\$705) as of December 31, 2016.

Hospital Plaza I, LLC is the general partner of EBRPHA Development 1, LP. Hospital Plaza I, LLC's economic interest in the partnership is .01%, and was negative (\$192) as of December 31, 2017.

Colonial Courts I, LLC is the general partner of EBRPHA Development 2, LP. Colonial Courts I, LLC's economic interest in the partnership is .01%, and was negative (\$188) as of December 31, 2017.

Roosevelt Terrace, LLC is the general partner of EBRPHA Development 4, LP. Roosevelt Terrace, LLC's economic interest in the partnership is .01%, and was negative (\$59) as of December 31, 2017.

Balance Sheets as of December 31, 2017

	Brookstown Place Partnership, ALPIC	Cedar Pointe Subdivision, LP	Wesley Chapel Development, LP	EBRPHA Development 1, LP	EBRPHA Development 2, LP	EBRPHA Development 4, LP	Total
Assets							
Current Assets	\$ 117,790	\$ 774,729	\$ 632,843	\$ 662,330	\$ 653,644	\$ 330,462	\$ 3,171,788
Other Assets	5,949	25,876	123,625	74,445	72,907	31,936	334,738
Capital Assets	3,504,606	10,193,053	8,413,571	7,745,534	7,724,379	5,487,291	43,068,434
Total Assets	<u>\$ 3,628,345</u>	<u>\$ 10,993,658</u>	<u>\$ 9,170,039</u>	<u>\$ 8,482,309</u>	<u>\$ 8,450,930</u>	<u>\$ 5,849,679</u>	<u>\$ 46,574,980</u>
Liabilities							
Current Liabilities	\$ 32,888	\$ 105,008	\$ 52,431	\$ 104,602	\$ 94,067	\$ 19,010	\$ 408,006
Non-Current Liabilities	1,188,153	2,413,512	3,459,595	4,180,849	4,063,604	1,066,921	16,372,634
Total Liabilities	1,221,041	2,518,520	3,512,026	4,285,451	4,157,671	1,085,931	16,780,640
Partners Equity							
Total Partners Equity	2,407,304	8,475,138	5,658,013	4,196,858	4,293,259	4,763,748	29,794,320
Total Liabilities and Partners Equity	<u>\$ 3,628,345</u>	<u>\$ 10,993,658</u>	<u>\$ 9,170,039</u>	<u>\$ 8,482,309</u>	<u>\$ 8,450,930</u>	<u>\$ 5,849,679</u>	<u>\$ 46,574,980</u>

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
NOTE TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 12 RELATED PARTNERSHIPS (CONTINUED)

Statement of Operations for the year ended December 31, 2017

	Brookstown Place Partnership, ALPIC	Cedar Pointe Subdivision, LP	Wesley Chapel Development, LP	EBRPHA Development 1, LP	EBRPHA Development 2, LP	EBRPHA Development 4, LP	Total
Operating Revenue							
Tenant Revenue	\$ 237,714	\$ 794,952	\$ 84,471	\$ 114,228	\$ 107,778	\$ 53,245	\$ 1,392,388
Operating Grant Revenue	-	-	517,072	224,498	222,458	194,936	1,158,964
Other Revenue	-	-	-	46,640	41,236	-	87,876
Interest Income	52	1,542	1,467	1,094	1,093	357	5,605
Total Operating Revenue	<u>237,766</u>	<u>796,494</u>	<u>603,010</u>	<u>386,460</u>	<u>372,565</u>	<u>248,538</u>	<u>2,644,833</u>
Operating Expenses							
Administrative	60,046	138,449	157,307	96,553	99,620	65,312	617,287
Utilities	562	6,392	29,728	11,041	10,745	14,599	73,067
Maintenance	47,285	211,132	166,700	122,704	142,138	90,675	780,634
Insurance Premiums	21,521	80,892	56,759	36,393	37,457	34,863	267,885
Other General Expense	26,943	32,889	13,490	10,904	10,221	7,846	102,293
Interest Expense	68,927	186,989	158,565	119,816	114,524	13,682	662,503
Depreciation Expense	137,581	406,961	307,943	334,198	328,838	185,401	1,700,922
Total Operating Expenses	<u>362,865</u>	<u>1,063,704</u>	<u>890,492</u>	<u>731,609</u>	<u>743,543</u>	<u>412,378</u>	<u>4,204,591</u>
Operating (Loss)	<u>\$ (125,099)</u>	<u>\$ (267,210)</u>	<u>\$ (287,482)</u>	<u>\$ (345,149)</u>	<u>\$ (370,978)</u>	<u>\$ (163,840)</u>	<u>\$ (1,559,758)</u>

NOTE 13 RELATED PARTY TRANSACTIONS

The Corporation owes the Authority \$210,489 for operating expenses as of September 30, 2018 and \$45,080 for closing costs on the Wesley Chapel Development.

NOTE 14 ADMINISTRATIVE AND UTILITY EXPENSES

The Corporation had the following administrative and utility expenses.

Administrative Expenses	
Administrative Salaries	\$ 122,855
Management Fee	81,078
Employee Benefit Contributions	38,454
Other	20,963
Office Expenses	9,578
Travel	3,341
Advertising and Marketing	1,500
Legal Expense	1,845
Total Administrative Expenses	<u>\$ 279,614</u>

Utilities	
Electricity	\$ 1,189
Sewer	316
Gas	197
Water	61
Total Utilities	<u>\$ 1,702</u>

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
NOTE TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 15 CORRECTION OF AN ERROR

It was noted at the year ended September 30, 2017, that Assets Held for Sale and Other Current Liabilities were misstated. The effect on prior year net assets is a decrease of \$33,211.

	Assets Held For Sale	Other Current Liabilities	Net Assets
September 30, 2017 as Previously Reported	\$ 346,334	\$ 192,873	\$ 477,608
Cumulative Effect of the Restatement	(226,084)	(192,873)	(33,211)
September 30, 2017 as Restated	<u>\$ 120,250</u>	<u>\$ -</u>	<u>\$ 444,397</u>

NOTE 16 SUBSEQUENT EVENTS

Management evaluated the activity of the partnership through May 8, 2019 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

PARTNERS FOR PROGRESS, INCORPORATED
 (A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO THE CHIEF
EXECUTIVE OFFICE
YEAR ENDED SEPTEMBER 30, 2018

EXPENDITURE PURPOSE

Salary	\$	-
Benefits-Insurance		-
Benefits-Retirement		-
Car Allowance		-
Per Diem		-
Registration Fees		-
Conference Travel		-
		<hr style="border-top: 1px solid black;"/>
Total Compensation, Benefits, and Other Payments	\$	<hr style="border-top: 3px double black;"/>

Agency Head: Richard Murray, Chief Executive Office
Period: October 1, 2017 through September 30, 2018

EXPENDITURE PURPOSE

Salary	\$	-
Benefits-Insurance		-
Benefits-Retirement		-
Car Allowance		-
Per Diem		-
Registration Fees		-
Conference Travel		-
		<hr style="border-top: 1px solid black;"/>
Total Compensation, Benefits, and Other Payments	\$	<hr style="border-top: 3px double black;"/>

Agency Head: Jim Daniels, Acting Chief Executive Office
Period: August 1, 2018 through September 30, 2018

Basis of Presentation

The above Schedule of Compensation, Benefits and Other Payments to the Chief Executive Officer is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of the *Louisiana Revised Statute (R.S.) 24:513A (A)*, as amended by *Act 706 of the 2014 Legislative Session*.



**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**

Board of Directors
Partners for Progress, Incorporated
Baton Rouge, Louisiana

We have audited, in accordance with the 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 business-type activities and the aggregate discretely presented component units of Partners for Progress (the Corporation), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 8, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 by 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Question Costs as items 2018-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Authority's Response to Findings

The Authority's response to the findings identified in our audit is described in the accompanying corrective action plan. The Authority'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Lakeland, Florida
May 8, 2019

PARTNERS FOR PROGRESS, INCORPORATED
 (A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2018

Federal Grantor Program	Federal CFDA Number	Federal Expenditures
Indirect Federal Assistance:		
<u>United States Department of Housing and Urban Development:</u>		
Passed through City of Baton Rouge Parish of East Baton Rouge, Louisiana HOME Investment Partnership Program	14.239	<u>\$ 667,959</u>
Total Indirect Federal Assistance		<u>667,959</u>
Total Federal Assistance		<u><u>\$ 667,959</u></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

PARTNERS FOR PROGRESS, INCORPORATED
 (A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 BASIS OF PRESENTATION

The above Schedule of Expenditures of Federal Awards includes the federal award activity of the Corporation under programs of the federal government for the year ended September 30, 2018. The information on this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of operations of the Corporation, it is not intended to and does not present the financial net position, changes in net position, or cash flows of the Corporation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

The Corporation has elected not to use the 10% De Minimus Indirect Cost Rate allowed under Uniform Guidance.

NOTE 3 OUTSTANDING LOANS

The Corporation had the following loan balances outstanding at September 30, 2018.

Federal Grantor Program	Federal CFDA Number	Amount Outstanding
HOME Investment Partnership Program	14.239	\$ 346,084

PARTNERS FOR PROGRESS, INCORPORATED
 (A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
SCHEDULE OF FINDINGS AND QUESTION COSTS
YEAR ENDED SEPTEMBER 30, 2018

Section I – Summary of Auditors’ Results

Financial Statements

- | | | | |
|--|-----------------------|------------------|---------------|
| 1. Type of auditors’ report issued: | Unmodified | | |
| 2. Internal control over financial reporting: | | | |
| • Material weakness identified? | <u> X </u> Yes | | No |
| • Significant deficiency identified? | <u> </u> Yes | <u> X </u> | None Reported |
| 3. Noncompliance material to financial statements noted? | <u> </u> Yes | <u> X </u> | No |

Federal Awards

- | | | | |
|---|----------------|--|--|
| 1. Internal control over major federal programs: | | | |
| • Material weakness identified? | <u> N/A </u> | | |
| • Significant deficiency identified? | <u> N/A </u> | | |
| 2. Type of auditors’ report issued on | | | |
| • compliance for major federal programs: | <u> N/A </u> | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with | | | |
| • 2 CFR 200.516(a)? | <u> N/A </u> | | |

PARTNERS FOR PROGRESS, INCORPORATED
 (A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
SCHEDULE OF FINDINGS AND QUESTION COSTS
YEAR ENDED SEPTEMBER 30, 2018

Section II – Financial Statement Findings

Finding 2018 – 001 – Restatement of Beginning Balances

Type of Finding: Material Weakness, Internal Control

Criteria or specific requirement: The Corporation is responsible for establishing and maintaining internal controls to ensure that transactions are properly reported in the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Condition: The Corporation did not have reconciliations or record the current year activity for the following financial statement line items:

- Assets Held for Sale
- Accounts Receivable
- Other Current Liabilities
- Gain or Loss on Sale of Assets
- Sale of Buildings
- Debt Forgiveness

Context: The following account balances for Partners for Progress Incorporated were effected as a result of these internal controls:

	Assets Held For Sale	Other Current Liabilities	Net Assets
September 30, 2017 as Previously Reported	\$ 346,334	\$ 192,873	\$ 477,608
Cumulative Effect of the Restatement	(226,084)	(192,873)	(33,211)
September 30, 2017 as Restated	\$ 120,250	\$ -	\$ 444,397

Effect: The prior year financial statements were materially misstated. In addition the current year activity for the Loss on Sale of Assets, Sale of Buildings, and Debt Forgiveness was not recorded by the Corporation until identified by the auditors.

Cause: The Authority's system of internal control over financial reporting did not prevent a material error from being made in the preparation of the prior year financial statements.

Repeat Finding: No.

Recommendation: The Authority should implement procedures to ensure compliance with GAAP related to the discretely presented component unit transactions.

Views of responsible officials: There is no disagreement. The finding and noted condition is specific and isolated to one of the Corporation's projects, the Copper Oaks Subdivision development/real estate transaction. The overall affect was a decrease in prior year net assets of \$33,211. In future year activities will be reconciled and recorded accordingly.



Board of Commissioners
and Management of The Housing Authority of East Baton Rouge Parish
and Management of Partners For Progress, Incorporated
Baton Rouge, Louisiana

In planning and performing our audit of the financial statements of the business-type activities and the aggregate discretely presented component units of The Housing Authority of East Baton Rouge Parish as of and for the year ended September 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the entity's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to fraud or error may occur and not be detected by such controls.

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.

Material weaknesses

We consider the following deficiencies in the entity's internal control to be material weaknesses.

- Finding 2018-001 – Restatement of Unearned Revenue Beginning Balance
- Finding 2018-002 – Restatement of Beginning Balances

Significant deficiencies

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 by those charged with governance. We have no significant deficiencies to report.

Management's response

The Housing Authority of East Baton Rouge Parish's written response to the material weaknesses and other deficiencies identified in our audit was not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Other deficiencies in internal control and other matters

During our audit, we became aware of other deficiencies in internal control and other matters that are opportunities to strengthen your internal control and improve the efficiency of your operations. While the nature and magnitude of the other deficiencies in internal control were not considered important enough to merit the attention of Board of Commissioners and Management, they are considered of sufficient importance to merit management's attention and are included herein to provide a single, comprehensive communication for both those charged with governance and management.

- On August 22, 2018, the Louisiana Legislative Auditor issued an Investigative Audit report for the period of October 2014 to December 2017. It was noted that Authority spent \$8,931 in public funds on celebratory functions, meals, and miscellaneous gifts.
- The Authority is to file the annual audit by March 31st, the authority requested and received an extension to file by April 15, 2019. An additional extension was requested through May 6, 2019 to file the audit. That request was denied by the Louisiana Legislative Auditor. Additional time was needed to finalize the financial statements due to additional reconciliations and adjustments related to Partners-For-Progress, Inc. The Authority did not file audit financial statements until May 9, 2019.
- During fiscal year 2018, the Louisiana Legislative Auditor received a compliant against the Authority.
 - One compliant was regarding the management of property that is not owned by the Authority but which the Authority has tenant living in. The person that made the compliant was not a tenant of the Authority.
 - One compliant was regarding the procurement of construction contracts with Watts Didier. Per review of the procurement process and procurement documents all the proper procedures were followed at the time the contract was procured.
- The Authority's fixed assets are maintained at a summary level of detail and not at an individual asset detail. The Authority should be maintaining fixed assets at an individual asset level, in order to determine when assets are full depreciated or when there is a sale of the assets.
- During the testing of Wage Rate Requirement (42 USC 1437j(a) and (b); 24 CFR section 905.308) testing for the Capital Fund Program, it was noted that the Authority did not obtain certified payroll for one of the contractors utilized during the year. The amount of payments to the contractor were \$40,463 for the year ended September 30, 2018.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various entity personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

The purpose of this communication is solely to describe the scope of our testing of internal control over financial reporting and the results of that testing. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
May 8, 2019

**LOUISIANA COMPLIANCE QUESTIONNAIRE
(For Audit Engagements of Government Agencies)**

_____ (Date Transmitted)

CliftonLarsonAllenLLP _____ (CPA Firm Name)

402S.KentuckyAve.Suite600 _____ (CPA Firm Address)

Lakeland, Florida 33801 _____ (City, State Zip)

In connection with your audit of our financial statements as of 09-30-2018 and for October 1, 2017–September 30,2018

_____ (period of audit) for the purpose of expressing an opinion as to the fair presentation of our financial statements in accordance with accounting principles generally accepted in the United States of America, to assess our internal control structure as a part of your audit, and to review our compliance with applicable laws and regulations, we confirm, to the best of our knowledge and belief, the following representations. These representations are based on the information available to us as of 04-05-19 _____ (date completed/date of the representations).

PART I. AGENCY PROFILE

1. Name and address of the organization.

Housing Authority of East Baton Rouge Parish
4731 North Blvd.
Baton Rouge, LA 70806

2. List the population of the municipality or parish based upon the last official United States Census or most recent official census (municipalities and police juries only). Include the source of the information.

N/A

3. List names, addresses, and telephone numbers of entity officials. Include elected/appointed members of the governing board, chief executive and fiscal officer, and legal counsel.

SEE ATTACHED LISTING

4. Period of time covered by this questionnaire.

Fiscal Year 2018 (October 1, 2017 through September 30, 2018)

5. The entity has been organized under the following provisions of the Louisiana Revised Statute(s) (R.S.) and, if applicable, local resolutions/ordinances. LSA-RS40:391

6. Briefly describe the public services provided.

Subsidized housing in East Baton Rouge Parish (Public Housing and Section 8 Housing Choice Voucher)

7. Expiration date of current elected/appointed officials' terms.

SEE ATTACHED LISTING

LEGAL COMPLIANCE

PART II. PUBLIC BID LAW

8. The provisions of the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration, State Purchasing Office have been complied with.

A) All public works purchases exceeding \$154,450 have been publicly bid.

B) All material and supply purchases exceeding \$30,000 have been publicly bid.

Yes [] No []

]

PART III. CODE OF ETHICS LAW FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

9. It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [] No []

10. It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [] No []

PART IV. LAWS AFFECTING BUDGETING

11. We have complied with the budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15) R.S. 39:33, or R.S. 39:1331-1342, as applicable:

A. Local Budget Act

1. We have adopted a budget for the general fund and all special revenue funds (R.S. 39:1305).

2. The chief executive officer, or equivalent, has prepared a proposed budget that included a budget message, a proposed budget for the general fund and each special revenue fund, and a budget adoption instrument that specified the chief executive's authority to make budgetary amendments without approval of the governing authority. Furthermore, the proposed expenditures did not exceed estimated funds to be available during the period (R.S. 39:1305).

3. The proposed budget was submitted to the governing authority and made available for public inspection at least 15 days prior to the beginning of the budget year (R.S. 39:1306).

4. To the extent that proposed expenditures were greater than \$500,000, we have made the budget available for public inspection and have advertised its availability in our official journal. The advertisement included the date, time, and place of the public hearing on the budget. Notice has also been published certifying that all actions required by the Local Government Budget Act have been completed (R.S. 39:1307).

5. If required, the proposed budget was made available for public inspection at the location required by R.S. 39:1308.

6. All action necessary to adopt and finalize the budget was completed prior to the date required by state

law. The adopted budget contained the same information as that required for the proposed budget (R.S. 39:1309).

7. After adoption, a certified copy of the budget has been retained by the chief executive officer or equivalent officer (R.S. 39:1309).

8. To the extent that proposed expenditures were greater than \$500,000, the chief executive officer or equivalent notified the governing authority in writing during the year when actual receipts plus projected revenue collections for the year failed to meet budgeted revenues by five percent or more, or when actual expenditures plus projected expenditures to year end exceeded budgeted expenditures by five percent or more (R.S. 39:1311).

9. The governing authority has amended its budget when notified, as provided by R.S. 39:1311. (Note, general and special revenue fund budgets should be amended, regardless of the amount of expenditures in the fund, when actual receipts plus projected revenue collections for the year fail to meet budgeted revenues by five percent or more; or when actual expenditures plus projected expenditures to year end exceed budgeted expenditures by five percent or more. State law exempts from the amendment requirements special revenue funds with anticipated expenditures of \$500,000 or less, and exempts special revenue funds whose revenues are expenditure-driven - primarily federal funds-from the requirement to amend revenues.)

N/A

Yes [] No []

B. State Budget Requirements

1. The state agency has complied with the budgetary requirements of R.S. 39:33.

N/A

Yes [] No []

C. Licensing Boards

1. The licensing board has complied with the budgetary requirements of R.S. 39:1331-1342.

N/A

Yes [] No []

PART V. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING LAWS

12. We have maintained our accounting records in such a manner as to provide evidence of legal compliance and the preparation of annual financial statements to comply with R.S. 24:513 and 515, and/or 33:463.

Yes [] No []

13. All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [] No []

14. We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [] No []

15. We have had our financial statements audited in a timely manner in accordance with R.S. 24:513.

Yes [] No []

16. We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law). N/A

Yes [] No []

17. We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [] No []

18. We have remitted all fees, fines, and court costs collected on behalf of other entities, in compliance with applicable Louisiana Revised Statutes or other laws. N/A

Yes [] No []

PART VI. MEETINGS

19. We have complied with the provisions of the Open Meetings Law, provided in R. S. 42:11 through 42:28.

Yes [] No []

PART VII. ASSET MANAGEMENT LAWS

20. We have maintained records of our fixed assets and movable property records, as required by R.S. 24:515 and/or 39:321-332, as applicable.

Yes [] No []

PART VIII. FISCAL AGENCY AND CASH MANAGEMENT LAWS

21. We have complied with the fiscal agency and cash management requirements of R.S. 39:1211-45 and 49:301-327, as applicable.

Yes [] No []

PART IX. DEBT RESTRICTION LAWS

22. It is true we have not incurred any long-term indebtedness without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes [] No []

23. We have complied with the debt limitation requirements of state law (R.S. 39:562).

Yes [] No []

24. We have complied with the reporting requirements relating to the Fiscal Review Committee of the State Bond Commission (R.S. 39:1410.62).

Yes [] No []

PART X. REVENUE AND EXPENDITURE RESTRICTION LAWS

25. We have restricted the collections and expenditures of revenues to those amounts authorized by Louisiana statutes, tax propositions, and budget ordinances.

Yes [] No []

26. It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes [] No []

27. It is true that no property or things of value have been loaned, pledged, or granted to anyone in violation of Article VII, Section 14 of the 1974 Louisiana Constitution.

Yes [] No []

PART XI. ISSUERS OF MUNICIPAL SECURITIES

28. It is true that we have complied with the requirements of R.S. 39:1438.C. N/A

Yes [] No []

PART XI. QUESTIONS FOR SPECIFIC GOVERNMENTAL UNITS

Parish Governments

29. We have adopted a system of road administration that provides as follows: N/A

- A. Approval of the governing authority of all expenditures, R.S. 48:755(A).
- B. Development of a capital improvement program on a selective basis, R.S. 48:755.
- C. Centralized purchasing of equipment and supplies, R.S. 48:755.
- D. Centralized accounting, R.S. 48:755.
- E. A construction program based on engineering plans and inspections, R.S. 48:755.
- F. Selective maintenance program, R.S. 48:755.
- G. Annual certification of compliance to the auditor, R.S. 48:758.

Yes [] No []

School Boards N/A

30. We have complied with the general statutory, constitutional, and regulatory provisions of the Louisiana Department of Education, R.S. 17:51-400.

Yes [] No []

31. We have complied with the regulatory circulars issued by the Louisiana Department of Education that govern the Minimum Foundation Program.

Yes [] No []

32. We have, to the best of our knowledge, accurately compiled the performance measurement data contained in the following schedules and recognize that your agreed-upon procedures will be applied to such schedules and performance measurement data:

Parish school boards are required to report, as part of their annual financial statements, measures of performance. These performance indicators are found in the supplemental schedules:

- Schedule 1, General Fund Instructional and Support Expenditures and Certain Local Revenue Sources
- Schedule 2, Education Levels of Public School Staff
- Schedule 3, Number and Type of Public Schools
- Schedule 4, Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers
- Schedule 5, Public School Staff Data: Average Salaries
- Schedule 6, Class Size Characteristics
- Schedule 7, Louisiana Educational Assessment Program (LEAP)
- Schedule 8, Graduation Exit Examination (GEE) (Note: this schedule is no longer applicable.)
- Schedule 9, iLEAP Tests

Yes [] No []

Tax Collectors N/A

33. We have complied with the general statutory requirements of R.S. 47.

Yes [] No []

Sheriffs N/A

34. We have complied with the state supplemental pay regulations of R.S. 40:1667.7.

Yes [] No []

35. We have complied with R.S. 13:5535 relating to the feeding and keeping of prisoners.

Yes [] No []

District Attorneys N/A

36. We have complied with the regulations of the DCFS that relate to the Title IV-D Program.

Yes [] No []

Assessors N/A

37. We have complied with the regulatory requirements found in R.S. Title 47.

Yes [] No []

38. We have complied with the regulations of the Louisiana Tax Commission relating to the reassessment of property.

Yes [] No []

Clerks of Court N/A

39. We have complied with R.S. 13:751-917 and applicable sections of R.S. 11:1501-1562.

Yes [] No []

Libraries N/A

40. We have complied with the regulations of the Louisiana State Library.

Yes [] No []

Municipalities N/A

41. Minutes are taken at all meetings of the governing authority (R.S. 42:20).
Yes [] No []
42. Minutes, ordinances, resolutions, budgets, and other official proceedings of the municipalities are published in the official journal (R.S. 43:141-146 and A.G. 86-528).
Yes [] No []
43. All official action taken by the municipality is conducted at public meetings (R.S. 42:11 to 42:28).
Yes [] No []

Airports N/A

44. We have submitted our applications for funding airport construction or development to the Department of Transportation and Development as required by R.S. 2:802.
Yes [] No []
45. We have adopted a system of administration that provides for approval by the department for any expenditures of funds appropriated from the Transportation Trust Fund, and no funds have been expended without department approval (R.S. 2:810).
Yes [] No []
46. All project funds have been expended on the project and for no other purpose (R.S. 2:810).
Yes [] No []
47. We have certified to the auditor, on an annual basis, that we have expended project funds in accordance with the standards established by law (R.S. 2:811).
Yes [] No []

Ports N/A

48. We have submitted our applications for funding port construction or development to the Department of Transportation and Development as required by R.S. 34:3452.
Yes [] No []
49. We have adopted a system of administration that provides for approval by the department for any expenditures of funds made out of state and local matching funds, and no funds have been expended without department approval (R.S. 34:3460).
Yes [] No []
50. All project funds have been expended on the project and for no other purpose (R.S. 34:3460).
Yes [] No []
51. We have established a system of administration that provides for the development of a capital improvement program on a selective basis, centralized purchasing of equipment and supplies, centralized accounting, and the selective maintenance and construction of port facilities based upon engineering plans and inspections (R.S. 34:3460).
Yes [] No []
52. We have certified to the auditor, on an annual basis, that we have expended project funds in accordance with the standards established by law (R.S. 34:3461).
Yes [] No []

Sewerage Districts N/A

53. We have complied with the statutory requirements of R.S. 33:3881-4159.10.
Yes [] No []

Waterworks Districts N/A

54. We have complied with the statutory requirements of R.S. 33:3811-3837.
Yes [] No []

Utility Districts N/A

55. We have complied with the statutory requirements of R.S. 33:4161-4546.21.
Yes [] No []

Drainage and Irrigation Districts N/A

56. We have complied with the statutory requirements of R.S. 38:1601-1707 (Drainage Districts); R.S. 38:1751-1921 (Gravity Drainage Districts); R.S. 38:1991-2048 (Levee and Drainage Districts); or R.S. 38:2101-2123 (Irrigation Districts), as appropriate.

Yes [] No []

Fire Protection Districts N/A

57. We have complied with the statutory requirements of R.S. 40:1491-1509.

Yes [] No []

Other Special Districts N/A

58. We have complied with those specific statutory requirements of state law applicable to our district.

Yes [] No []

The previous responses have been made to the best of our belief and knowledge. We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you and the Legislative Auditor any known noncompliance that may occur subsequent to the issuance of your report.

Secretary _____ Date 4/11/19

Treasurer _____ Date

President _____ Date



BOARD OF COMMISSIONERS

January 1, 2019

	Name	*	Title	Organization	Address	City	State	Postal Code	Phone Number	E-Mail Address
CHAIR	Dianna Payton	*	CEO	YWCA	3338 Pine Grove Drive	Baton Rouge	Louisiana	70816	225-200-881	paytondianna@yahoo.com
FIRST VICE-CHAIR	Al Barron		Owner	Jazz It UP	5334 Belle Fontaine Court	Baton Rouge	Louisiana	70820	225-205-8479	albarron@live.com
SECOND VICE-CHAIR	Phillip L. Smith Jr.	*	Vice Chancellor	Baton Rouge Community College	201 Community Drive	Baton Rouge	Louisiana	70806	225-216-8190	smithp@mybrcc.edu
	Tyra Banks	*	Consultant	T. Banks Consulting	2677 Amarillo	Baton Rouge	Louisiana	70805	225-205-5400	tbanksconsulting@gmail.com
	Lamiesa D. Bonton		COO	Bonton Associates	2148 Oleander Street	Baton Rouge	Louisiana	70806	225-278-7577	lamiesa@bontonassociates.com
	Chris Brown		Resident	Resident Council	4915 Alvin Dark Ave Apt. 15050	Baton Rouge	Louisiana	70820	225-270-0727	cbrown@ebrpha.org
	Helena Cunningham		CEO	National Housing Consultant Services	600 America Street	Baton Rouge	Louisiana	70802	225-456-5745	hcunningham@nhcsla.com
SECRETARY/CEO	J. Daniels		CEO	East Baton Rouge Parish Housing Authority	4731 North Blvd	Baton Rouge	Louisiana	70806	225-923-8150	jdaniels@partnerssoutheast.com
LEGAL ADVISOR	Winston DeCuir		Partner	DeCuir, Adams & Clark	732 North Blvd	Baton Rouge	Louisiana	70802	225-346-8716	Winston@decuirlaw.com

**BATON ROUGE HOUSING AUTHORITY
BOARD OF COMMISSIONERS
CONTACT LIST
(Updated – August 3, 2018)**

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SECOND VICE CHAIR

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Secretary/Chief Executive Officer

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***COMMISSIONERS SERVE ON BOTH EBRPHA and PARTNERS BOARDS**

**Terms of Office
Board of Commissioners
Housing Authority of East Baton Rouge Parish
As of May 9, 2018**

<u>Name of Board Member</u>	<u>Date of Commencement of Term of Office</u>	<u>Date of Expiration of Term of Office</u>
Helena Cunningham	April 25, 2018	July 23, 2018
Al Barron	March 23, 2016	July 23, 2019
Philip Smith, Jr.	May 9, 2018	August 9, 2020
Chris Brown*	August 12, 2015	August 9, 2020
Lamiesa Bonton	March 22, 2017	March 27, 2021
Tyra Sterling	July 23, 2016	July 23, 2021
Dianna Payton	July 25, 2017	July 25, 2022

*Resident Commissioner