

**COMMUNITY DIRECTIONS INC**

**FINANCIAL REPORT**

**DECEMBER 31, 2019**

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# **VIGE, TUJAGUE & NOEL**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Community Directions, Inc.  
Opelousas, Louisiana

### **Report of the Financial Statements**

We have audited the accompanying financial statements of Community Directions, Inc. (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2019, and the related statement 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.

### **Auditor's 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 auditor's 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 Community Directions, Inc. (a nonprofit corporation), as of December 31, 2019, 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.

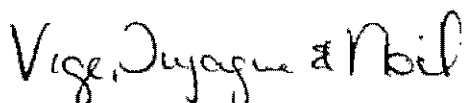
## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information referred to in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 a report dated June 3, 2020 on our consideration of Community Directions, 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. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Directions, Inc.'s internal control over financial reporting and compliance.



Vige, Tujague & Noël, CPA's  
Eunice, Louisiana  
June 3, 2020

COMMUNITY DIRECTIONS INC  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2019

1000 ASSETS

1100 CURRENT ASSETS

1120	Cash - Community Directions, Inc.	\$ 90,250
1121	Cash - Maison De La Paix, Phase 1	3,878
1122	Cash - Park Ridge Apartments, Phase 3	2,059
1123	Cash - Park Ridge Apartments, Phase 4	1,513
1124	Cash - Park Ridge Apartments, Phase 5	1,750
1125	Cash - Park Ridge Apartments, Phase 6	3,361
1126	Cash - Ville Platte Scattered Site (VPSS)	7,578
1130	Tenant accounts receivable	2,359
1140	Accounts and notes receivable – operations	45,277
1145	Accounts and notes receivable – entity	24,272
1200	Prepaid expenses	9,356
	1100T Total current assets	<u>191,653</u>

1191 TENANT DEPOSITS HELD IN TRUST

1191	Tenant security deposits - Maison De La Paix, Phase 1	1,679
1192	Tenant security deposits - Park Ridge Apartments, Phase 3	4,429
1193	Tenant security deposits - Park Ridge Apartments, Phase 4	2,319
1194	Tenant security deposits - Park Ridge Apartments, Phase 5	2,899
1195	Tenant security deposits - Park Ridge Apartments, Phase 6	5,141
	1191T Total security deposits	<u>16,467</u>

1300 FUNDED RESERVES

1320	Replacement reserves - Maison De La Paix, Phase 1	3,383
1321	Replacement reserves - Park Ridge Apartments, Phase 3	10,800
1322	Replacement reserves - Park Ridge Apartments, Phase 4	4,500
1323	Replacement reserves - Park Ridge Apartments, Phase 5	30,000
1324	Replacement reserves - Park Ridge Apartments, Phase 6	4,500
	1300T Total deposits	<u>53,183</u>

The accompanying notes are an integral part of the basic financial statements.

COMMUNITY DIRECTIONS INC  
STATEMENT OF FINANCIAL POSITION (continued)  
DECEMBER 31, 2019

1400	FIXED ASSETS	
1410	Land (Non depreciable)	156,000
1420	Buildings	4,992,533
1421	Rent houses	173,572
1440	Building equipment (portable)	44,890
1490	Misc. fixed assets	3,800
	1400T Total fixed assets	<u>5,370,795</u>
1495	Accumulated depreciation	<u>(435,921)</u>
	1400N Net fixed assets	<u>4,934,874</u>
	1000T Total assets	<u><u>\$ 5,196,177</u></u>

The accompanying notes are an integral part of the basic financial statements.

COMMUNITY DIRECTIONS INC  
STATEMENT OF FINANCIAL POSITION (continued)  
DECEMBER 31, 2019

2000 LIABILITIES AND NET ASSETS

2100 CURRENT LIABILITIES

2110	Accounts payable – operations	\$ 100
2123	Accrued management fees payable - Maison De La Paix, Phase I	204
2170	Mortgage payable – first mortgage	96,361
2172	Other mortgages payable	382,279
2210	Prepaid revenue	242
	2122T Total current liabilities	<u>479,186</u>

2191 TENANT DEPOSITS HELD IN TRUST (contra)

2191	Tenant security deposits - Maison De La Paix, Phase I	1,575
2192	Tenant security deposits - Park Ridge Apartments, Phase 3	4,038
2193	Tenant security deposits - Park Ridge Apartments, Phase 4	2,389
2194	Tenant security deposits - Park Ridge Apartments, Phase 5	2,895
2195	Tenant security deposits - Park Ridge Apartments, Phase 6	5,500
	2191T Total security deposits	<u>16,397</u>

2300 LONG-TERM LIABILITIES

2320	Mortgage payable – HOME	3,750,300
2323	Other loans and notes payable	1,747
	2300T Total long-term liabilities	<u>3,752,047</u>

2000T Total liabilities	<u>4,247,630</u>
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3130 NET ASSETS

3131	Net assets without donor restrictions	948,547
	3130 Total net assets	<u>948,547</u>

2033T Total liabilities and net assets	<u>\$ 5,196,177</u>
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The accompanying notes are an integral part of the basic financial statements.

COMMUNITY DIRECTIONS INC  
STATEMENT OF ACTIVITY  
FOR THE YEAR ENDED DECEMBER 31, 2019

REVENUES

5120	Rent revenue – apartments gross potential	\$ 225,050
5130	Rent houses and deposits	15,740
	5100T Total rent revenue	<u>240,790</u>
5220	Vacancies – apartments	(3,946)
5250	Rental concessions	(19)
	5200T Total vacancies	<u>(3,965)</u>
	5152N Net rental revenue	<u>236,825</u>
5340	Developer fees	26,886
	5300T Total program revenue	<u>26,886</u>
5410	Financial revenue – project operations	5
5480	Revenue from interest - notes receivable	1,949
	5400T Total financial revenue	<u>1,954</u>
5920	Tenant charges	810
5980	CHDO grant	6,723
5990	Miscellaneous revenue	652
	5900T Total other revenue	<u>8,185</u>
	5000T Total revenue	<u>273,850</u>

EXPENSES

6300	Administrative expenses	52,967
6311	Office expenses	8,979
6312	Office rent	1,200
6320	Management fee	14,260
6330	Manager salaries	3,900
6340	Legal expense – project	1,400
6341	Development expenses	690
6350	Audit expense	1,500
6351	Bookkeeping and accounting fees	10,973
6390	Miscellaneous administrative services	8,422
	6263T Total administrative expenses	<u>104,291</u>

The accompanying notes are an integral part of the basic financial statements.



COMMUNITY DIRECTIONS INC  
STATEMENT OF ACTIVITY (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2019

6450	Utilities	\$ 7,608
	6400T Total utilities expense	<u>7,608</u>
6510	Payroll	15,035
6515	Supplies	959
6520	Contracts	11,001
6525	Garbage and trash removal	1,575
6543	Rent house repairs	5,797
6546	Heating/cooling repairs and maintenance	835
6570	Vehicle operation/travel	1,009
6590	Miscellaneous repairs and maintenance expenses	<u>16,514</u>
	6500T Total operating and maintenance expenses	<u>52,725</u>
6711	Payroll taxes	523
6720	Property and liability insurance	25,470
6721	Fidelity bond insurance	257
6722	Workmen's compensation	152
6790	Miscellaneous taxes, licenses and permits	<u>35</u>
	6700T Total taxes and insurance	<u>26,437</u>
6820	Interest on mortgage payable	<u>25,895</u>
	6800T Total financial expenses	<u>25,895</u>
	6000T Total cost of operations before depreciation	<u>216,956</u>
	5060T Change in net assets before depreciation and amortization	<u>56,894</u>
6600	Depreciation expense	<u>137,431</u>
....	3250 Change in net assets	<u>\$ (80,537)</u>

The accompanying notes are an integral part of the basic financial statements.

COMMUNITY DIRECTIONS INC  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2019

S1100-060	Previous year net assets	\$ 1,029,084
3250	Change in net assets	<u>(80,537)</u>
3131	Net assets, end of year	<u><u>\$ 948,547</u></u>

The accompanying notes are an integral part of the basic financial statements.

COMMUNITY DIRECTIONS INC  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Operating receipts:

S1200-010	Rental receipts	237,079
S1200-015	Program receipts	26,886
S1200-020	Interest receipts	1,954
S1200-030	Other operating receipts	8,185
S1200-040	Total receipts	<u>274,104</u>

Operating disbursements:

S1200-050	Administrative	(89,388)
S1200-070	Management fees	(14,260)
S1200-090	Utilities	(7,608)
S1200-100	Salaries and wages	(18,935)
S1200-110	Operating and maintenance	(37,690)
S1200-150	Miscellaneous taxes and insurance	(26,437)
S1200-160	Tenant security deposits	(544)
S1200-180	Interest on mortgage	(25,895)
S1200-225	Construction disbursements	(227,840)
S1200-230	Total disbursements	<u>(448,597)</u>
S1200-240	Net cash provided (used) by operating activities	<u>(174,493)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

S1200-245	Withdrawals from the escrow account	(4,523)
S1200-250	Deposits to replacement reserves	(40,303)
S1200-250	Withdrawals from the replacement reserves	4,665
S1200-330	Purchases of fixed assets	(284,537)
S1200-350	Net cash provided (used) by investing activities	<u>(324,698)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

S1200-360	Mortgage principal payments	(79,406)
S1200-365	Proceeds from mortgages, loans or notes payable	140,015
S1200-450	Other financing activities - accounts receivable	143,595
S1200-450	Other financing activities - accounts payable	(2,223)
S1200-460	Net cash provided (used) in financing activities	<u>201,981</u>
S1200-470	Net increase (decrease) in cash	(297,210)
S1200-480	Cash, beginning of year	<u>407,599</u>
S1200T	Cash, end of year	<u>\$ 110,389</u>

The accompanying notes are an integral part of the basic financial statements.

COMMUNITY DIRECTIONS INC  
STATEMENT OF CASH FLOWS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

3250 Change in net assets	\$ (80,537)
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Adjustment to reconcile net loss to net cash provided (used) by operating activities:

6600 Depreciation expense	137,431
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Decrease (increase) in -

S1200-490 Accounts receivable – tenants	254
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S1200-530 Cash restricted for tenant security deposits	(4,523)
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Increase (decrease) in -

S1200-540 Accounts payable	(3,257)
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S1200-580 Tenant security deposits held in trust	3,979
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S1200-590 Prepaid revenue	0.00
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S1200-605 Entity/Construction liability accounts	(227,840)
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S1200-610 Net cash provided (used) by operating activities	<u>\$ (174,493)</u>
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Beginning Cash, January 1, 2018

Community Directions, Inc.	\$ 58,858
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Maison De La Paix, Phase 1	645
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Park Ridge Apartments, Phase 3	5,896
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Park Ridge Apartments, Phase 4	2,422
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Park Ridge Apartments, Phase 5	2,465
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Park Ridge Apartments, Phase 6	7,274
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Ville Platte Scattered Site (VPSS)	4,755
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Construction Cash Account	325,284
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Total Beginning Cash, January 1, 2018	<u>407,599</u>
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Ending Cash, December 31, 2018

Community Directions, Inc.	\$ 90,250
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Maison De La Paix, Phase 1	3,878
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Park Ridge Apartments, Phase 3	2,059
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Park Ridge Apartments, Phase 4	1,513
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Park Ridge Apartments, Phase 5	1,750
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Park Ridge Apartments, Phase 6	3,361
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Ville Platte Scattered Site (VPSS)	7,578
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Total Ending Cash, December 31, 2018	<u>110,389</u>
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Net Increase (Decrease) in Cash	<u>\$ (297,210)</u>
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The accompanying notes are an integral part of the basic financial statements.

COMMUNITY DIRECTIONS INC  
NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies

Organization and presentation:

Community Directions, Inc. is a nonprofit corporation organized under Louisiana law to provide housing facilities and services to the elderly, handicapped, and substance-dependent persons of Opelousas, St. Landry Parish, Louisiana. The programs of the organization are designed to meet the physical, social, and psychological needs as well as promote the health, security, happiness and usefulness of those individuals qualifying for assistance.

The Organization is administered by a seven-member board of directors. Members of the board serve three year terms.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-rent and supportive housing programs in the United States. Accordingly, HUD has entered into two supportive housing grants with the organization for the purpose of assisting the organization in the leasing of housing units as well as the providing of supportive services and the payment of administrative costs associated with the programs. These grants are the Organizations nonmajor programs.

The Organization's major program is its HOME Investment Partnership Program, which it has entered into with the Louisiana Housing Corporation for the purpose of developing a low income housing complex.

Accounting policies and practices:

The accounting and reporting policies of Community Directions, Inc. (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 Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash

COMMUNITY DIRECTIONS INC  
NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies (continued)

equivalents. The Organization has no cash equivalents at December 31, 2019. All cash is adequately insured by FDIC.

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 Organization to significant concentrations of credit risk consist primarily of cash, investments and tenant receivables.

The Organization places its cash and investments with high quality financial institutions. At times such amounts may be in excess of FDIC insurance limits. The Organization 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 Organization's tenant base is limited to Opelousas, 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 expensed. Cost and accumulated depreciation are removed from the accounts when assets are sold or retired. The resulting gains or losses are included in income.

COMMUNITY DIRECTIONS INC  
NOTES TO FINANCIAL STATEMENTS (continued)

Note 1. Nature of Business and Significant Accounting Policies (continued)

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

	<u>Years</u>
Land	Non depreciable
Buildings	40
Rent houses	25
Building equipment (portable)	7-10
Miscellaneous fixed assets	5-20

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

Classification of Net Assets:

Net assets of the Organization 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 Organization. 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 Organization does not interpret the guidance in the standard to include amounts restricted by HUD as donor-restricted. The Organization 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 Organization at December 31, 2018 were considered to be net assets without donor restrictions.

COMMUNITY DIRECTIONS INC  
NOTES TO FINANCIAL STATEMENTS (continued)

Note 1. Nature of Business and Significant Accounting Policies (continued)

Income taxes:

Community Directions, Inc. (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.

Tenant Security Deposits

The tenant security deposits are maintained in an interest-bearing savings account separate from the operating account of the Organization. Withdrawals are restricted to reimbursements of tenants' security deposits.

Distributions:

The Organization's regulatory agreement with HUD stipulates, among other things, that the Organization 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.

No allowance for doubtful accounts is recorded as management believes tenant security deposits should cover any amount due to the Organization. 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.

Restricted deposits:

Under the regulatory agreement, the Organization is required to set aside amounts for the replacement of property and other Organization expenditures in restricted depository accounts. Disbursements from these accounts require approval from the regulatory agency. These restricted accounts, which approximate \$53,183 at



COMMUNITY DIRECTIONS INC  
NOTES TO FINANCIAL STATEMENTS (continued)

Note 1. Nature of Business and Significant Accounting Policies (continued)

December 31, 2019, are held in separate accounts and generally are not available for operating purposes. The Reserve for Replacement account was short from the required deposit in the amount of \$600. This was deposited in 2019.

Compensation of Board Members

All board members serve without compensation.

Prepaid Expenses

Prepaid expenses include items paid in advance that will benefit or are associated with another period.

Note 2. Federal Financial Assistance

At December 31, 2019, the Organization had programs which qualified as federal financial assistance. During the fiscal year, the Organization received \$23,275 in the form of HUD Supportive Housing Grants and \$0 in Community Housing Development Organization (CHDO) grants.

Note 3. Management Fees

Community Directions, Inc. owns and operates Maison De La Paix, Part I, Park Ridge Apartments, Phase 3, Park Ridge Apartments, Phase 4, Park Ridge Apartments, Phase 5 and Park Ridge Apartments, Phase 6. All Organizations are managed by an independent management company. Monthly management fees for Maison De La Paix, Part I are equal to \$34 per unit per month. Monthly management fees for Park Ridge Apartments, Phase 3 were equal to \$34 per unit per month. Monthly management fees for Park Ridge Apartments, Phase 4 were equal to \$34 per unit per month. Monthly management fees for Park Ridge Apartments, Phase 5 were equal to \$34 per unit per month. Monthly management fees for Park Ridge Apartments, Phase 6 were equal to \$34 per unit per month. Management fees for the year ended December 31, 2019 totaled \$14,260.

Note 4. Concentrations

Community Directions, Inc. owns and operates Maison De La Paix, Part I, a 6-unit apartment complex located in Lafayette, Louisiana, Park Ridge Apartments, Phase 3, a 6-unit apartment complex located in Opelousas, Louisiana, Park Ridge Apartments, Phases 4, two 5-unit complexes, Phase 6, a 10-unit complex, and Ville

COMMUNITY DIRECTIONS INC  
NOTES TO FINANCIAL STATEMENTS (continued)

Note 4. Concentrations (continued)

Platte Housing Units, a 4-unit complex. The Organization's operations are concentrated in the multifamily real estate market. In addition, the Organization operates in a heavily regulated environment. The operations of the Organization are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to, The Department of Housing and Urban Development (HUD). Such administrative directives, rules, and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for related costs, including any additional administrative burden, to comply with a change.

Note 5. Functional Allocation of Expenses

Expenditures incurred in connection with the organizations operations and expenditures made for corporate purposes have been summarized on functional basis in the statement of activities.

Note 6. Evaluation of Subsequent Events

The Organization has evaluated subsequent events through June 3, 2020, the date which the financial statements were available to be issued.

Note 7. Accounts Receivable – Account 1140

Community Directions, Inc. sold one of its rehabilitated homes to Ramona Vidrine on June 14, 2012 for \$45,000. Community Directions, Inc. holds the mortgage note on the property. The home needed some major repairs that were funded by Community Directions, Inc. during the year ending December 31, 2016. After these repairs were made the home was refinanced to include the cost of the repairs (\$9,164) and set a lower interest rate. The new terms of the financing arrangement are for payments of \$370 per month, including interest at 4.25% per annum and \$86 per month for insurance escrow, for 300 months with the first payment beginning January 1, 2016. The balance of this note, in the amount of \$45,277, is included in account 1140.

COMMUNITY DIRECTIONS INC  
NOTES TO FINANCIAL STATEMENTS (continued)

Note 8. Related Party Transactions – Account 1145 and 2323

Community Directions, Inc. has amounts in accounts 1145 and 2323 that are due to/from other entities under its control. A summary of the transactions in the accounts are as follows:

<u>Account 1145 Accounts Receivable - Related Parties</u>	
Beginning Balance (01/01/2019)	\$ 24,272
Change in receivable	-
Ending Balance (12/31/2019)	<u>\$ 24,272</u>
<u>Account 2323 Loans Payable - Related Parties</u>	
Beginning Balance (01/01/2019)	\$ 839
Change in payable	908
Ending Balance (12/31/2019)	<u>\$ 1,747</u>

Note 9. Mortgage Payable - Banks

Community Directions, Inc. acquired a mortgage from Bancorp South in the amount of \$150,000, dated February 17, 2014, to help fund the construction of Maison De La Paix, Part I. The mortgage is payable monthly in the amount of \$810 with an interest of 7% per annum and is secured by the apartment complex. Maturities of the mortgage note are as follows:

<u>Year Ending</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
<u>December 31</u>			
2020	\$ 92,401	\$ 92,361	\$ 40
	<u>\$ 92,401</u>	<u>\$ 92,361</u>	<u>\$ 40</u>

Activity on the mortgage for the current year is as follows:

<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>
<u>Balance</u>			<u>Balance</u>
\$ 95,491	\$ -	\$ (3,130)	\$ 92,361
Total		\$ 92,361	
Less Short-term		(92,361)	
Long-term Debt		<u>\$ -</u>	

COMMUNITY DIRECTIONS INC  
NOTES TO FINANCIAL STATEMENTS (continued)

Note 10. Mortgage Payable - HOME

Park Ridge Apartments, Phase 3

Community Directions, Inc. acquired a HOME loan in the amount of \$750,000 to help fund the construction of Park Ridge Apartments, Part 3. The loan bears an interest rate of 0% and is payable annually in the amount of \$4,000 for 30 years at which time the loan will balloon at the existing principle balance. The annual payment is subject to the availability of surplus cash. Maturities of the loan are as follows:

Year Ending December 31	Total	Principal	Interest
2020	\$ 4,000	\$ 4,000	\$ -
2021	4,000	4,000	-
2022	4,000	4,000	-
2023	4,000	4,000	-
2024-2028	20,000	20,000	-
2029-2033	20,000	20,000	-
2034-2038	20,000	20,000	-
2039-2043	20,000	20,000	-
2044-2047	649,105	649,105	-
	<u>\$ 745,105</u>	<u>\$ 745,105</u>	<u>\$ -</u>

Activity on the mortgage for the current year is as follows:

Beginning Balance	Additions	Reductions	Ending Balance
<u>\$ 745,105</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 745,105</u>
Total		\$ 745,105	
Less Short-term		(4,000)	
Long-term Debt		<u>\$ 741,105</u>	

Park Ridge Apartments, Phase 4 (IDIS 10952)

Community Directions, Inc. acquired a HOME loan in the amount of \$625,000, dated November 18, 2016, for a term of 20 years, secured by a mortgage on Park Ridge Apartments, Phase 4.

COMMUNITY DIRECTIONS INC  
NOTES TO FINANCIAL STATEMENTS (continued)

Note 10. Mortgage Payable – HOME (continued)

Simple interest under this HOME Note shall be computed at 2.75% per annum on the basis of a three hundred sixty (360) day year consisting of twelve (12) thirty (30) day months.

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 November 18, 2017 (hereinafter referred to as the "Payment 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 Organization. Notwithstanding the foregoing to the contrary, all outstanding Indebtedness under this HOME Note is due on the Maturity Date.

In any year in which there is no Surplus Cash to pay accrued interest on this HOME Note, any accrued but 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. The total amount drawn on this loan was \$0 as of December 31, 2019, which includes accrued construction costs in the amount of \$60,354.

Park Ridge Apartments, Phase 5 (IDIS 10954)

Community Directions, Inc. acquired a HOME loan in the amount of \$625,000, dated November 18, 2016, for a term of 20 years, secured by a mortgage on Park Ridge Apartments, Phase 5.

Simple interest under this HOME Note shall be computed at 2.75% per annum on the basis of a three hundred sixty (360) day year consisting of twelve (12) thirty (30) day months.

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 November 18, 2017 (hereinafter referred to as the "Payment 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 Organization. Notwithstanding the foregoing to the contrary, all outstanding Indebtedness under this HOME Note is due on the Maturity Date.

COMMUNITY DIRECTIONS INC  
NOTES TO FINANCIAL STATEMENTS (continued)

Note 10. Mortgage Payable -- HOME (continued)

In any year in which there is no Surplus Cash to pay accrued interest on this HOME Note, any accrued but 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. The total amount drawn on this loan was \$0 as of December 31, 2019.

Park Ridge Apartments, Phase 6 (IDIS 11013)

Community Directions, Inc. acquired a HOME loan in the amount of \$1,335,688, dated August 25, 2017, for a term of 30 years, secured by a mortgage of the real estate.

The principal amount of the HOME Loan is \$1,335,688, bearing interest at the rate of zero percent (0.0%), computed on the basis of a 360-day year, consisting of twelve 30-day months, and shall be repaid in annual installments on or before April 1 of each calendar year of the Term equal to fifty percent (50%) of Surplus Cash.

If Surplus Cash is negative in any year during the Term of the HOME Loan, no annual payment shall be due for that year, but simple interest shall continue to accrue at the interest rate on the principal balance of the HOME Note.

The total amount drawn on this loan was \$1,332,453 as of December 31, 2019, which included accrued construction costs in the amount of \$0.

Ville Platte Scattered Site (VPSS)(IDIS 11012)

Community Directions, Inc. acquired a HOME loan in the amount of \$473,406, dated August 25, 2017, for a term of 30 years, secured by a mortgage of the real estate.

The principal amount of the HOME Loan is \$473,406, bearing interest at the rate of zero percent (0.0%), computed on the basis of a 360-day year, consisting of twelve 30-day months, and shall be repaid in annual installments on or before April 1 of each calendar year of the Term equal to fifty percent (50%) of Surplus Cash.

If Surplus Cash is negative in any year during the Term of the HOME Loan, no annual payment shall be due for that year, but simple interest shall continue to accrue at the interest rate on the principal balance of the HOME Note.

COMMUNITY DIRECTIONS INC  
NOTES TO FINANCIAL STATEMENTS (continued)

Note 10. Mortgage Payable – HOME (continued)

The total amount drawn on this loan was \$433,405 as of December 31, 2019, which included accrued construction costs in the amount of \$0.

Activity on the HOME loans for the current year is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Park Ridge 3	\$ 741,105	\$ -	\$ -	\$ 741,105
Park Ridge 4	622,337	-	-	622,337
Park Ridge 5	625,000	-	-	625,000
Park Ridge 6	1,335,688	-	(3,235)	1,332,453
VPTA	410,130	25,653	(2,378)	433,405
	<u>\$ 3,734,260</u>	<u>\$ 25,653</u>	<u>\$ (5,613)</u>	<u>\$ 3,754,300</u>

Total	\$ 3,754,300
Less Short-term	(4,000)
Long-term Debt	<u>\$ 3,750,300</u>

Cash deposits for VPTA for 2019 totaled \$111,644. For the year ended December 31, 2018, the entity accrued \$85,991.

Note 11. Other Mortgages Payable – short term

Community Directions, Inc. acquired a line of credit from Mid South Bank, in the amount of \$195,000, to help fund the construction of Park Ridge Apartments, Phase 3. The line of credit bears a variable interest rate that is 1.75% over the index. As of December 31, 2019, the interest rate is 5.0% and the balance on the line of credit is \$21,038.

Community Directions, Inc. acquired a line of credit from Evangeline Bank, in the amount of \$140,000, to help fund the construction of Park Ridge Apartments, Phase 4. As of December 31, 2019, the interest rate is 5.0% and the balance on the line of credit is \$81,875.

Community Directions, Inc. acquired a line of credit from Evangeline Bank, in the amount of \$140,000, to help fund the construction of Park Ridge Apartments, Phase 5. As of December 31, 2019, the interest rate is 5.0% and the balance on the line of credit is \$83,875.

COMMUNITY DIRECTIONS INC  
NOTES TO FINANCIAL STATEMENTS (continued)

Note 11. Other Mortgages Payable – short term (continued)

Community Directions, Inc. acquired a line of credit from Evangeline Bank, in the amount of \$75,000, to help fund the construction of VPSS. As of December 31, 2019, the interest rate is 5.0% and the balance on the line of credit is \$0.

Community Directions, Inc. acquired a line of credit from Evangeline Bank, in the amount of \$280,000, to help fund the construction of Park Ridge Apartments, Phase 6. As of December 31, 2019, the interest rate is 5.0% and the balance on the line of credit is \$195,491.

Beginning Balance	Additions	Reductions	Ending Balance
<u>\$ 346,755</u>	<u>\$ 116,740</u>	<u>\$ (81,216)</u>	<u>\$ 382,279</u>

Note 13. Grants

Prior to 2017, the Corporation received a HOME grant, in the amount of \$600,000, for the construction of Maison De La Paix I. The terms and conditions shall apply for a period of up to two hundred forty (240) months from the effective date of this Agreement, March 1, 2011, in accordance with the minimum periods of affordability outlined in the Grant Agreement. The period is based upon a total of Six Hundred Thousand Dollars (\$600,000) in HOME funds having been invested in the Property (HOME Investment). This period of affordability will continue for the stated number of years regardless of any resale, transfer or vacancy of the Property, provided that no additional HOME funds are invested in the Property during this period. In the event that additional HOME funds are invested in the Property during this period, this covenant shall be amended to substitute a new period of affordability based on the additional HOME investment.

Maison De La Paix I also received a CDBG in May 2012, in the amount of \$150,000, through the City of Lafayette, as a subrecipient of HUD. The entity must maintain records documenting compliance with the national objective of low and moderate income benefits as required by 24CFR 570.208(a)(2).

These grants are recorded as net assets.

Note 13. Cash and Cash Equivalents

The cash and cash equivalents of the Community Directions, Inc. are subject to the following risk:



COMMUNITY DIRECTIONS INC  
NOTES TO FINANCIAL STATEMENTS (continued)

Note 13. Cash and Cash Equivalents (continued)

*Custodial Credit Risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Entity will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Entity that the fiscal agent bank has failed to pay deposited funds upon demand. Further Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Entity's name.

Bank account balances at December 31, 2019, totaled \$185,056, and of this amount, all deposits were secured by FDIC Insurance.

Note 14. Liquidity

At December 31, 2019, the Organization has \$110,389 cash and equivalents available to meet needs for general expenditures and capital costs. 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 Organizations in the next 12 months. In addition, the Organization may maintain funds in a reserve for replacement. These funds are used for the benefit of the tenants and/or Organization and are required by LHC. The funds may be withdrawn only with the approval of LHC. Such funds are not considered by the Organization to have donor-restrictions.

The Organization 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 Organization are expected to be met on a monthly basis from the rents of Organization units. In general, the Organization maintains sufficient financial assets on hand to meet 30 days worth of normal operating expenses.

COMMUNITY DIRECTIONS INC  
NOTES TO FINANCIAL STATEMENTS (continued)

Note 15. Functional Expenses

The Organization 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 Organization 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
Payroll and benefits	\$ 18,935			\$ 18,935
Administrative	84,631		1,500	86,131
Management fee			14,260	14,260
Utilities	7,608			7,608
Repairs and maintenance	37,690			37,690
Taxes and insurance	26,437			26,437
Interest	25,895			25,895
Depreciation and amortization	137,431			137,431
Total	\$ 338,627		\$ 15,760	\$ 354,387

Note 16. Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Organization, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard is effective for Organization's year ending December 31, 2018 and thereafter and must be applied

COMMUNITY DIRECTIONS INC  
NOTES TO FINANCIAL STATEMENTS (continued)

Note 16. Accounting Pronouncements (continued)

on a retrospective basis. The Organization adopted the ASU effective January 1, 2018. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.

The Government Accounting Standards Board (GASB) has issued the following Statements which will become effective in futures years as shown below:

Statement No. 87, "*Leases*" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

## SUPPLEMENTAL DATA

COMMUNITY DIRECTIONS INC  
SUPPLEMENTAL DATA  
FOR THE YEAR ENDED DECEMBER 31, 2019

Attachment 1. Schedule of Changes in Fixed Assets

<u>Description</u>	<u>Assets</u>			<u>Balance 12/31/2019</u>
	<u>Balance 12/31/2018</u>	<u>Additions</u>	<u>Deductions</u>	
Land (Non depreciable)	\$ 156,000	\$ -	\$ -	\$ 156,000
Building	4,707,996	284,537	-	4,992,533
Rent houses	173,572	-	-	173,572
Building equipment - portable	44,890	-	-	44,890
Miscellaneous fixed assets	<u>3,800</u>	<u>-</u>	<u>-</u>	<u>3,800</u>
	<u>\$ 5,086,258</u>	<u>\$ 284,537</u>	<u>\$ -</u>	<u>\$ 5,370,795</u>

Accumulated Depreciation				Book Value 12/31/2019
Balance 12/31/2018	Additions	Deductions	Balance 12/31/2019	
\$ -	\$ -	\$ -	\$ -	\$ 156,000
257,719	124,619	-	382,338	4,610,195
34,631	7,041		41,672	131,900
5,080	5,581	-	10,661	34,229
1,060	190	-	1,250	2,550
<u>\$ 298,490</u>	<u>\$ 137,431</u>	<u>\$ -</u>	<u>\$ 435,921</u>	<u>\$ 4,934,874</u>

COMMUNITY DIRECTIONS INC  
SUPPLEMENTAL DATA  
FOR THE YEAR ENDED DECEMBER 31, 2019

Attachment 2. Replacement Reserves

In accordance with the provisions of the regulatory agreement for Maison De La Paix, Phase 1 and Park Ridge Apartments, Phase 3, deposits in the amount of \$150 are to be made monthly into a separate reserve for replacement fund for the replacement of property. The required monthly deposit for Phase 4, Phase 5 and Phase 6 is \$125 into a separate reserve for replacement fund. All withdrawals are subject to approval.

A summary of transactions in the reserve for replacement account for Maison De La Paix, Phase 1 is as follows:

1320P	Balance, 12/31/2018	\$ 5,645
1320DT	Total monthly deposits	1,800
1320ODT	Other deposits	600
1320INT	Interest deposits	3
1320OWT	Other Withdrawals	<u>(4,665)</u>
1320	Balance, 12/31/2019	<u><u>\$ 3,383</u></u>

A summary of transactions in the reserve for replacement account for Park Ridge Apartments, Phase 3 is as follows:

1320P	Balance, 12/31/2018	\$ 7,200
1320DT	Total monthly deposits	3,600
1320WT	Approved withdrawals	<u>-</u>
1320	Balance, 12/31/2019	<u><u>\$ 10,800</u></u>

A summary of transactions in the reserve for replacement account for Park Ridge Apartments, Phase 4 is as follows:

1320P	Balance, 12/31/2018	\$ 3,000
1320DT	Total monthly deposits	1,500
1320WT	Approved withdrawals	<u>-</u>
1320	Balance, 12/31/2019	<u><u>\$ 4,500</u></u>

COMMUNITY DIRECTIONS INC  
SUPPLEMENTAL DATA  
FOR THE YEAR ENDED DECEMBER 31, 2019

Attachment 2. Replacement Reserves (continued)

A summary of transactions in the reserve for replacement account for Park Ridge Apartments, Phase 5 is as follows:

1320P	Balance, 12/31/2018	\$ 1,500
1320DT	Total monthly deposits	3,000
1320WT	Approved withdrawals	<u>-</u>
1320	Balance, 12/31/2019	<u>\$ 4,500</u>

A summary of transactions in the reserve for replacement account for Park Ridge Apartments, Phase 6 is as follows:

1320P	Balance, 12/31/2018	\$ 200
1320DT	Total monthly deposits	-
1320ODT	Other deposits	29,800
1320WT	Approved withdrawals	<u>-</u>
1320	Balance, 12/31/2019	<u>\$ 30,000</u>



COMMUNITY DIRECTIONS INC  
SUPPLEMENTAL DATA  
COMPUTATION OF SURPLUS CASH FOR  
PARK RIDGE APARTMENTS, PHASE 3  
FOR THE YEAR ENDED DECEMBER 31, 2019

S1300-010	Cash	<u>\$ 6,488</u>
	S1300-040 Total cash	<u>6,488</u>
S1300-075	Accounts Payable - 30 days	46
2191	Tenant security deposits liability	<u>4,038</u>
	S1300-140 Total current obligations	<u>4,084</u>
S1300-150	Surplus cash (deficiency)	<u>\$ 2,404</u>
	Amount due Home Funds	<u>\$ 2,404</u>

COMMUNITY DIRECTIONS INC  
SUPPLEMENTAL DATA  
COMPUTATION OF SURPLUS CASH FOR  
PARK RIDGE APARTMENTS, PHASE 4  
FOR THE YEAR ENDED DECEMBER 31, 2019

S1300-010	Cash	<u>\$ 3,832</u>
	S1300-040 Total cash	<u>3,832</u>
2191	Tenant security deposits liability	<u>2,389</u>
	S1300-140 Total current obligations	<u>2,389</u>
S1300-150	Surplus cash (deficiency)	<u>\$ 1,443</u>
	Amount due Home Funds (75%)	<u>\$ 1,082</u>

COMMUNITY DIRECTIONS INC  
SUPPLEMENTAL DATA  
COMPUTATION OF SURPLUS CASH FOR  
PARK RIDGE APARTMENTS, PHASE 5  
FOR THE YEAR ENDED DECEMBER 31, 2019

S1300-010	Cash	<u>\$ 4,649</u>
	S1300-040 Total cash	<u>4,649</u>
2191	Tenant security deposits liability	<u>2,895</u>
	S1300-140 Total current obligations	<u>2,895</u>
S1300-150	Surplus cash (deficiency)	<u>\$ 1,754</u>
	Amount due Home Funds (75%)	<u>\$ 1,316</u>

COMMUNITY DIRECTIONS INC  
SUPPLEMENTAL DATA  
COMPUTATION OF SURPLUS CASH FOR  
PARK RIDGE APARTMENTS, PHASE 6  
FOR THE YEAR ENDED DECEMBER 31, 2019

S1300-010	Cash	<u>\$ 8,502</u>
	S1300-040 Total cash	<u>8,502</u>
2191	Tenant security deposits liability	<u>5,500</u>
	S1300-140 Total current obligations	<u>5,500</u>
S1300-150	Surplus cash (deficiency)	<u>\$ 3,002</u>
	Amount due Home Funds (50%)	<u>\$ 1,501</u>

COMMUNITY DIRECTIONS INC  
SUPPLEMENTAL DATA  
COMPUTATION OF SURPLUS CASH FOR  
VILLE PLATTE SCATTERED SITE (VPSS)  
FOR THE YEAR ENDED DECEMBER 31, 2019

S1300-010	Cash	\$ 7,578
1135	Accounts receivable -- HUD	<u>          </u>
	S1300-040 Total cash	<u>7,578</u>
S1300-075	Accounts Payable - 30 days	<u>-</u>
	S1300-140 Total current obligations	<u>-</u>
S1300-150	Surplus cash (deficiency)	<u>\$ 7,578</u>
	Amount due Home Funds (50%)	<u>\$ 3,789</u>

COMMUNITY DIRECTIONS INC  
STATEMENT OF ACTIVITY  
FOR MAISON DE LA PAIX, PHASE 1  
FOR THE YEAR ENDED DECEMBER 31, 2019

REVENUES

5120	Rent revenue – apartments gross potential	\$ 44,997
	5100T Total rent revenue	<u>44,997</u>
5220	Vacancies – apartments	(3,946)
5250	Rental concessions	(19)
	5200T Total vacancies	<u>(3,965)</u>
	5152N Net rental revenue	<u>41,032</u>
5410	Financial revenue – project operations	5
	5400T Total financial revenue	<u>5</u>
5920	Tenant charges	480
5990	Other revenue	420
	5900T Total other revenue	<u>900</u>
	5000T Total revenue	<u>41,937</u>

EXPENSES

6311	Office expenses	3,456
6320	Management fee	2,448
6330	Manager salaries	3,900
6350	Audit expense	1,500
6351	Bookkeeping and accounting fees	468
6390	Miscellaneous administrative services	190
	6263T Total administrative expenses	<u>11,962</u>
6450	Utilities	3,581
	6400T Total utilities expense	<u>3,581</u>
6510	Payroll	200
6515	Supplies	959
6520	Contracts	11,001
6525	Garbage and trash removal	1,575
6546	Heating/cooling repairs and maintenance	835
6570	Vehicle operation/travel	59
	6500T Total operating and maintenance expenses	<u>14,629</u>

COMMUNITY DIRECTIONS INC  
STATEMENT OF ACTIVITY (continued)  
FOR MAISON DE LA PAIX, PHASE 1  
FOR THE YEAR ENDED DECEMBER 31, 2019

6711	Payroll taxes	\$ 523
6720	Property and liability insurance	4,905
6722	Workmen's compensation	152
6790	Miscellaneous taxes, licenses and permits	-
	6700T Total taxes and insurance	<u>5,580</u>
6820	Interest on mortgage payable	<u>4,476</u>
	6800T Total financial expenses	<u>4,476</u>
	6000T Total cost of operations before depreciation	<u>40,228</u>
	5060T Change in net assets before depreciation and amortization	<u>1,709</u>
6600	Depreciation expense	<u>22,813</u>
	3250 Change in net assets	<u><u>\$ (21,104)</u></u>

COMMUNITY DIRECTIONS INC  
STATEMENT OF ACTIVITY  
FOR PARK RIDGE APARTMENTS, PHASE 3  
FOR THE YEAR ENDED DECEMBER 31, 2019

REVENUES

5120	Rent revenue – apartments gross potential	\$ 38,842
5100T	Total rent revenue	<u>38,842</u>
5152N	Net rental revenue	<u>38,842</u>
5000T	Total revenue	<u>38,842</u>

EXPENSES

6320	Management fee	2,448
6351	Bookkeeping and accounting fees	2,350
6390	Miscellaneous administrative services	<u>1,844</u>
6263T	Total administrative expenses	<u>6,642</u>
6450	Utilities	<u>793</u>
6400T	Total utilities expense	<u>793</u>
6510	Payroll	3,350
6590	Miscellaneous repairs and maintenance expenses	<u>2,788</u>
6500T	Total operating and maintenance expenses	<u>6,138</u>
6720	Property and liability insurance	<u>3,087</u>
6700T	Total taxes and insurance	<u>3,087</u>
6820	Interest on mortgage payable	<u>1,900</u>
6800T	Total financial expenses	<u>1,900</u>
6000T	Total cost of operations before depreciation	<u>18,560</u>
5060T	Change in net assets before depreciation and amortization	<u>20,282</u>
6600	Depreciation expense	<u>20,940</u>
3250	Change in net assets	<u><u>\$ (658)</u></u>



COMMUNITY DIRECTIONS INC  
STATEMENT OF ACTIVITY  
FOR PARK RIDGE APARTMENTS, PHASE 4  
FOR THE YEAR ENDED DECEMBER 31, 2019

REVENUES

5120	Rent revenue – apartments gross potential	\$ 31,980
5100T	Total rent revenue	<u>31,980</u>
5152N	Net rental revenue	<u>31,980</u>
5920	Tenant charges	<u>330</u>
5900T	Total other revenue	<u>330</u>
5000T	Total revenue	<u>32,310</u>

EXPENSES

6320	Management fee	2,244
6351	Bookkeeping and accounting fees	<u>2,000</u>
6263T	Total administrative expenses	<u>4,244</u>
6450	Utilities	<u>831</u>
6400T	Total utilities expense	<u>831</u>
6510	Payroll	2,871
6590	Miscellaneous repairs and maintenance expenses	<u>5,275</u>
6500T	Total operating and maintenance expenses	<u>8,146</u>
6720	Property and liability insurance	2,731
6790	Miscellaneous taxes, licenses and permits	<u>-</u>
6700T	Total taxes and insurance	<u>2,731</u>
6820	Interest on mortgage payable	<u>4,878</u>
6800T	Total financial expenses	<u>4,878</u>
6000T	Total cost of operations before depreciation	<u>20,830</u>
5060T	Change in net assets before depreciation and amortization	<u>11,480</u>
6600	Depreciation expense	<u>18,316</u>
3250	Change in net assets	<u><u>\$ (6,836)</u></u>

COMMUNITY DIRECTIONS INC  
STATEMENT OF ACTIVITY  
FOR PARK RIDGE APARTMENTS, PHASE 5  
FOR THE YEAR ENDED DECEMBER 31, 2019

REVENUES

5120	Rent revenue – apartments gross potential	\$ 31,818
5100T	Total rent revenue	<u>31,818</u>
5152N	Net rental revenue	<u>31,818</u>
5000T	Total revenue	<u>31,818</u>

EXPENSES

6320	Management fee	2,040
6351	Bookkeeping and accounting fees	<u>1,200</u>
6263T	Total administrative expenses	<u>3,240</u>
6450	Utilities	<u>696</u>
6400T	Total utilities expense	<u>696</u>
6510	Payroll	2,871
6590	Miscellaneous repairs and maintenance expenses	<u>3,316</u>
6500T	Total operating and maintenance expenses	<u>6,187</u>
6720	Property and liability insurance	<u>2,731</u>
6700T	Total taxes and insurance	<u>2,731</u>
6820	Interest on mortgage payable	<u>3,614</u>
6800T	Total financial expenses	<u>3,614</u>
6000T	Total cost of operations before depreciation	<u>16,468</u>
5060T	Change in net assets before depreciation and amortization	<u>15,350</u>
6600	Depreciation expense	<u>18,342</u>
3250	Change in net assets	<u>\$ (2,992)</u>

COMMUNITY DIRECTIONS INC  
STATEMENT OF ACTIVITY  
FOR PARK RIDGE APARTMENTS, PHASE 6  
FOR THE YEAR ENDED DECEMBER 31, 2019

REVENUES

5120	Rent revenue – apartments gross potential	\$ 64,654
5100T	Total rent revenue	<u>64,654</u>
5152N	Net rental revenue	<u>64,654</u>
5990	Miscellaneous Revenue	181
5900T	Total other revenue	<u>181</u>
5000T	Total revenue	<u>64,835</u>

EXPENSES

6311	Office expense	1,400
6320	Management fee	4,080
6340	Legal expense - project	1,853
6351	Bookkeeping and accounting fees	1,800
6390	Miscellaneous administrative services	239
6263T	Total administrative expenses	<u>9,372</u>
6450	Utilities	1,648
6400T	Total utilities expense	<u>1,648</u>
6510	Payroll	5,743
6590	Miscellaneous repairs and maintenance expenses	4,632
6500T	Total operating and maintenance expenses	<u>10,375</u>
6720	Property and liability insurance	6,299
6700T	Total taxes and insurance	<u>6,299</u>
6820	Interest on mortgage payable	10,504
6800T	Total financial expenses	<u>10,504</u>
6000T	Total cost of operations before depreciation	<u>38,198</u>
5060T	Change in net assets before depreciation and amortization	<u>26,637</u>
6600	Depreciation expense	<u>39,503</u>
3250	Change in net assets	<u>\$ (12,866)</u>

COMMUNITY DIRECTIONS INC  
STATEMENT OF ACTIVITY  
VILLE PLATTE SCATTERED SITE (VPSS)  
FOR THE YEAR ENDED DECEMBER 31, 2019

REVENUES

5120	Rent revenue – apartments gross potential	\$ 12,759
5100T	Total rent revenue	<u>12,759</u>
5152N	Net rental revenue	<u>12,759</u>
5000T	Total revenue	<u>12,759</u>

EXPENSES

6320	Management fee	1,000
6351	Bookkeeping and accounting fees	1,180
6390	Miscellaneous administrative services	<u>102</u>
6263T	Total administrative expenses	<u>2,282</u>
6510	Payroll	
6590	Miscellaneous repairs and maintenance expenses	<u>1,292</u>
6500T	Total operating and maintenance expenses	<u>1,292</u>
6720	Property and liability insurance	<u>4,338</u>
6700T	Total taxes and insurance	<u>4,338</u>
6820	Interest on mortgage payable	<u>523</u>
6800T	Total financial expenses	<u>523</u>
6000T	Total cost of operations before depreciation	<u>8,435</u>
5060T	Change in net assets before depreciation and amortization	<u>4,324</u>
6600	Depreciation expense	<u>10,476</u>
3250	Change in net assets	<u>\$ (6,152)</u>

# VIGE, TUJAGUE NOEL

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

151 N. 2ND STREET  
P. O. BOX 1006  
EUNICE, LOUISIANA 70535

SHIRLEY VIGE, JR., C.P.A.  
FRANK G. TUJAGUE, C.P.A.  
DOMINIQUE M. NOEL, C.P.A.

TELEPHONE:  
337-457-9324  
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## INDEPENDENT AUDITOR'S 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  
Community Directions, Inc.  
Lafayette, 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 Community Directions, Inc. (a nonprofit corporation), 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, and have issued our report thereon dated June 3, 2020.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Community Directions, Inc.'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 Community Directions, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Community Directions, Inc.'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 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.

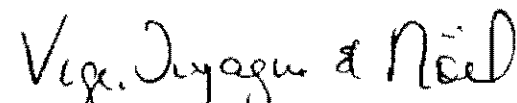
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Community Directions, Inc.'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*.

### **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 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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Vigé, Tujague & Noël, CPA's  
Eunice, Louisiana  
June 3, 2020

-----

# **VIGE, TUJAGUE NOEL**

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

151 N. 2<sup>ND</sup> STREET  
P. O. BOX 1006  
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## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
Community Directions, Inc.  
Lafayette, Louisiana

### **Report on Compliance for Each Major Federal Program**

We have audited Community Directions, Inc.'s (a nonprofit corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Community Directions, Inc.'s (a nonprofit corporation) major federal programs for the year ended December 31, 2019. Community Directions, Inc.'s (a nonprofit corporation) major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Community Directions, Inc.'s (a nonprofit corporation) major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about

whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Directions, Inc.'s (a nonprofit corporation) compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Community Directions, Inc.'s (a nonprofit corporation) compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Community Directions, Inc. (a nonprofit corporation) complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

### **Other Matters**

The results of our auditing procedures disclosed one instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item #2019-001. Our opinion on each major federal program is not modified with respect to this matter.

Community Directions, Inc.'s (a nonprofit corporation) response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Community Directions, Inc.'s (a nonprofit corporation) response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Management of Community Directions, Inc. (a nonprofit corporation) is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Community Directions, Inc.'s (a nonprofit corporation) internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community Directions, Inc.'s (a nonprofit corporation) internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of

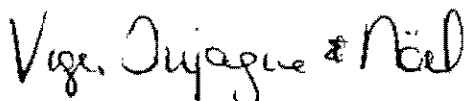


compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirements of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item #2019-001, that we consider to be a significant deficiency.

Community Directions, Inc.'s (a nonprofit corporation) response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Community Directions, Inc.'s (a nonprofit corporation) response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report in internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Vige, Tujague & Noël, CPA's  
Eunice, Louisiana  
June 3, 2020

COMMUNITY DIRECTIONS INC  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
Indirect Grant: Louisiana Housing Council (Pass-Through Entity ID: 86-02-05-0-1-604)		
U.S. Dept. of Housing and Urban Development:		
Home Investment Partnership Program- Loans	14.239	\$ 3,754,929
Home Investment Partnership Program- Grants	14.239	650,000
		<u>4,404,929</u>
Community Development Block Grant	14.228	<u>150,000</u>
Total		<u><u>\$ 4,554,929</u></u>

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Community Directions, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of Community Directions, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Community Directions, Inc.

NOTE B – 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 allowable or are limited as to reimbursement. Community Directions, Inc. has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – FEDERALLY FUNDED AND INSURED MORTGAGES

The mortgage balance at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of the outstanding federally insured mortgages at December 31, 2019 is \$3,754,300.

COMMUNITY DIRECTIONS INC  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

Section I. Summary of Auditor's Results

*Financial Statements*

Type of auditor's report issued: Unmodified.

Internal control over financial reporting:

- Material weakness identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None Reported
- Noncompliance material to financial statements noted? ☐ Yes ☒ No

*Federal Awards*

Internal control over major programs:

- Material weakness identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☒ Yes ☐ None Reported

Type of auditor's report issued in compliance for major programs:  
Unmodified

Identification of a major program:

CFDA Number  
14.239

Name of Federal Program  
Home Investment Partnership Program

Dollar threshold used to distinguish between type A and type B programs:  
\$750,000

Auditee qualified as low risk auditee? ☒ Yes ☐ No

COMMUNITY DIRECTIONS INC  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2019

Section II. Financial Statement Finding

None.

Section III. Federal Award Findings and Questioned Costs

CORRECTIVE ACTIONS NOT STARTED OR IN PROGRESS:

#2019-001 Reserve for Replacement Deposits

Type of Finding: Compliance: Special Tests

Program: The Federal Programs are Home Investment Partnership Program (CFDA 14.239), Community Development Block Grant (CFDA 14.228) issued by the U. S. Department of Housing and Urban Development.

Condition: The Reserve for Replacement account balance is \$600 lower than the calculated required balance. The deficit in the account balance results from a failure to make adequate Reserve for Replacement deposits during the fiscal year.

Criteria: Owners shall establish and maintain a replacement reserve to aid in funding extraordinary maintenance and repair and replacement of capital items. The replacement reserve funds must be deposited in a federally insured depository in an interest-bearing account. All earnings including interest on the reserve must be added to the reserve. An amount as required by HUD will be deposited monthly in the reserve fund (Rental assistance contract item 2.6C Financial Requirements). All disbursements from the reserve must be approved by HUD (24 CFR Section 891.405). Annual deposits must be sufficient to rectify any previous account deficiencies.

Effect: Failure on the part of the Entity to make required deposits is deemed to be a violation of the regulatory agreement between the Entity and HUD.

Context: The required balance in the Reserve for Replacement account is calculated by adjusting the opening balance at the beginning of the fiscal year by the annual required monthly deposits; other required deposits; interest earned; and approved withdrawals.

Cause: This was an oversight by the Entity's management agent.

Recommendation: The management agent should ensure that all required deposits are made to the Reserve for Replacement account and that the balance in that account meets

COMMUNITY DIRECTIONS INC  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2019

the minimum required balance in accordance with the regulatory agreement between the Entity and HUD.

Response: The management agent agrees with the finding and the auditor's recommendations have been adopted.

This finding is repeated from the prior year.

Section III. Management Letter

A separate management letter was not issued.

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COMMUNITY DIRECTIONS INC  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2019

Section I. Internal Control and Compliance Material to the Financial Statements

#2018-001 – Shortage of Pledged Securities

Condition: Bank account balances at December 31, 2018 exceeded FDIC Insurance by \$105,815.

Criteria: Under state law, bank deposit balances must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Entity that the fiscal agent has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Entity's name.

Cause: LHC Home Funds in the amount of \$324,115 were deposited into the Development Account on December 28, 2018. The funds were withdrawn in January 2019.

Effect: At December 31, 2018, the Community Directions, Inc. had cash in Evangeline Bank in the amount of \$355,815 and FDIC coverage of \$250,000, resulting in a shortage of pledges in the amount of \$105,815.

Response: Management is aware of this inadequacy and will monitor pledged securities more closely to ensure that all deposits are secure.

Status: This finding is cleared.

Section II. Internal Control and Compliance Material to Federal Awards

#2018-002 Reserve for Replacement Deposits

Type of Finding: Compliance: Special Tests

Program: The Federal Programs are Home Investment Partnership Program (CFDA 14.239), Community Development Block Grant (CFDA 14.228) and Continuum of Care Program (CFDA 14.267) issued by the U. S. Department of Housing and Urban Development.

COMMUNITY DIRECTIONS INC  
SCHEDULE OF PRIOR YEAR FINDINGS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2019

Condition: The Reserve for Replacement account balance is \$1,200 lower than the calculated required balance. The deficit in the account balance results from a failure to make adequate Reserve for Replacement deposits during the fiscal year.

Criteria: Owners shall establish and maintain a replacement reserve to aid in funding extraordinary maintenance and repair and replacement of capital items. The replacement reserve funds must be deposited in a federally insured depository in an interest-bearing account. All earnings including interest on the reserve must be added to the reserve. An amount as required by HUD will be deposited monthly in the reserve fund (Rental assistance contract item 2.6C Financial Requirements). All disbursements from the reserve must be approved by HUD (24 CFR Section 891.405). Annual deposits must be sufficient to rectify any previous account deficiencies.

Effect: Failure on the part of the Entity to make required deposits is deemed to be a violation of the regulatory agreement between the Entity and HUD.

Context: The required balance in the Reserve for Replacement account is calculated by adjusting the opening balance at the beginning of the fiscal year by the annual required monthly deposits; other required deposits; interest earned; and approved withdrawals.

Cause: This was an oversight by the Entity's management agent.

Recommendation: The management agent should ensure that all required deposits are made to the Reserve for Replacement account and that the balance in that account meets the minimum required balance in accordance with the regulatory agreement between the Entity and HUD.

Response: The management agent agrees with the finding and the auditor's recommendations have been adopted.

Status: This finding is repeated as item #2019-001.

#2018-003 Insufficient Security Deposit Trust Account Balance

Type of Finding: Compliance: Special Tests

Program: The Federal Programs are Home Investment Partnership Program (CFDA 14.239), Community Development Block Grant (CFDA 14.228) and Continuum of Care Program (CFDA 14.267) issued by the U. S. Department of Housing and Urban Development.

COMMUNITY DIRECTIONS INC  
SCHEDULE OF PRIOR YEAR FINDINGS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2019

Condition: The balance in the Security Deposit Trust Account for Maison De La Paix, Phase 1 at December 31, 2018, was \$1,051. The balance in the Security Deposit Liability account on that same date was \$2,020, resulting in a shortage of \$969.

Criteria: The HUD Regulatory Agreement requires owners to maintain a separate trust account in the name of the Organization for any tenant security deposits collected. The balance in this account must at all times equal or exceed the balance in the tenant security deposit liability account.

Cause: Management utilized funds from the trust account to meet other financial obligations. As a result of utilizing these funds to cover other financial obligations, the balance in the trust account was reduced to an amount below that of the associated liability account.

Effect: The complex is in violation of the HUD Regulatory Agreement. The failure to maintain a balance in the Security Deposit Trust Account that is equal to or greater than the balance in the Security Deposit Liability Account violates a clause of said agreement.

Recommendation: Management should transfer funds into the Security Deposit Trust Account to increase the balance in that account to an amount that equals or exceeds the balance in the Security Deposit Liability Account. The balance in the trust account should be monitored to ensure that it does not go below that of the balance of the liability account.

Response: Management agrees with the finding and accepts the recommendation as presented and will implement the same.

Status: This finding is cleared.

Section III. Management Letter

There was no management letter issued in the prior year.



COMMUNITY DIRECTIONS INC  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2019

Section I. Internal Control and Compliance Material to the Financial Statements

No Financial Statement Findings in the current year.

Section II. Internal Control and Compliance Material to Federal Awards

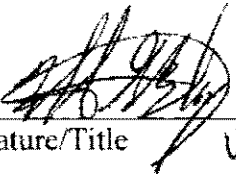
#2019-001 Reserve for Replacement Deposits


Condition: The Reserve for Replacement account balance is \$600 lower than the calculated required balance. The deficit in the account balance results from a failure to make adequate Reserve for Replacement deposits during the fiscal year.

Response: The management agent agrees with the finding and the auditor's recommendations have been adopted.

COMMUNITY DIRECTIONS INC  
CERTIFICATION OF ORGANIZATION OWNER  
DECEMBER 31, 2019

We hereby certify that we have examined the accompanying financial statements and supplemental data of Community Directions, Inc. and to the best of our knowledge and belief; the same are accurate and complete.

  
\_\_\_\_\_  
Signature/Title V.P.

  
\_\_\_\_\_  
Signature/Title Treas.

June 3, 2020

COMMUNITY DIRECTIONS INC  
CERTIFICATION OF MANAGEMENT AGENT  
DECEMBER 31, 2019

We hereby certify that we have examined the accompanying financial statements and supplemental data of Community Directions, Inc. and to the best of our knowledge and belief; the same are accurate and complete.

  
Joan Kirsch, Managing Agent

JDK Enterprises, LLC.  
47-4230229  
337-856-6061

COMMUNITY DIRECTIONS INC  
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS  
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER  
FOR THE YEAR ENDED DECEMBER 31, 2019

Phillip Bourgeois, President  
Period: 12 Months

Salary	\$	-
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