

NEIGHBORS CARE CORPORATION  
COMPILED FINANCIAL STATEMENTS  
DECEMBER 31, 2022

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**VIGE, TUJAGUE  NOEL**

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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To the Members  
Neighbors Care Corporation  
Opelousas, Louisiana

Management is responsible for the accompanying financial statements of Neighbors Care Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activity, statement of changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

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



Vige, Tujague & Noel  
Eunice, Louisiana  
June 16, 2023

NEIGHBORS CARE CORPORATION  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2022

ASSETS	
CURRENT ASSETS	
Cash - Operations	\$ 18,840
Cash - Construction	1,034
Total Current Assets	19,874
TENANT DEPOSITS HELD IN TRUST	
Tenant Security Deposits	1,090
Total Security Deposits	1,090
FUNDED RESERVES	
Replacement Reserve	1,202
Total Deposit	1,202
FIXED ASSETS	
Land (Non depreciable)	20,000
Building	452,866
Total Fixed Assets	472,866
Accumulated Depreciation	(6,178)
Net Fixed Assets	466,688
Total Assets	\$ 488,854

See Accountant's Compilation Report.

NEIGHBORS CARE CORPORATION

STATEMENT OF FINANCIAL POSITION (Continued)  
DECEMBER 31, 2022

LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable	\$ 641
Notes Payable - Short term	<u>72,427</u>
Total Current Liabilities	<u>73,068</u>
TENANT DEPOSITS HELD IN TRUST (contra)	
Tenant Security Deposits	<u>1,114</u>
Total Security Deposits	<u>1,114</u>
LONG-TERM LIABILITIES	
Mortgage Payable - Home Loan	<u>400,000</u>
Total Long-term Liabilities	<u>400,000</u>
Total Liabilities	<u>474,182</u>
NET ASSETS	
Net Assets Without Donor Restrictions	<u>14,672</u>
Total Net Assets	<u>14,672</u>
Total Liabilities and Net Assets	<u>\$ 488,854</u>

See Accountant's Compilation Report.

NEIGHBORS CARE CORPORATION

STATEMENT OF ACTIVITY  
FOR THE YEAR ENDED DECEMBER 31, 2022

REVENUES

Rent Revenue - Gross Potential	\$ 19,801
Tenant Assistance Payments	5,220
Total Rent Revenue	<u>25,021</u>
Vacancies - Apartments	-
Total Vacancies	<u>-</u>
Net Rental Revenue	<u>25,021</u>
Financial Revenue - project operations	2
Total Financial Revenue	<u>2</u>
Miscellaneous Revenue	2,907
Total Other Revenue	<u>2,907</u>
Total Revenue	<u>27,930</u>

EXPENSES

Office Expenses	190
Management Fee	2,080
Administrative rent free unit	237
Miscellaneous administrative services	48
Total Administrative Expenses	<u>2,555</u>
Contracts	2,355
Total operating and maintenance expenses	<u>2,355</u>
Property and liability insurance	2,170
Total insurance	<u>2,170</u>
Total Cost of Operations before Depreciation	<u>7,080</u>
Change in Net Assets before Depreciation	<u>20,850</u>
Depreciation Expense	6,178
Change in Net Assets	<u>\$ 14,672</u>

See Accountant's Compilation Report.

NEIGHBORS CARE CORPORATION

STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2022

Previous Year Net Assets	\$	-
Change in Net Assets		<u>14,672</u>
Net Assets, End of Year	\$	<u>14,672</u>

See Accountant's Compilation Report.

NEIGHBORS CARE CORPORATION

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Operating Receipts:	
Rental Receipts	\$ 25,021
Interest Receipts	2
Other Operating Receipts	2,907
Total Receipts	<u>27,930</u>
Operating disbursements:	
Administrative	(2,555)
Operating and Maintenance	(1,714)
Insurance	(2,170)
Tenant Security Deposits	1,114
Construction Disbursements	(35,740)
Total Disbursements	<u>(41,065)</u>
Net Cash Provided (Used) by Operating Activities	<u>(13,135)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Fixed Assets	<u>(47,110)</u>
Net Cash Provided (Used) by Investing Activities	<u>(47,110)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from mortgages, loans or notes payable	<u>82,371</u>
Net Cash Provided (Used) in Financing Activities	<u>82,371</u>
Net Increase (Decrease) in Cash	22,126
Cash, Beginning of Year	<u>40</u>
Cash, End of Year	<u><u>\$ 22,166</u></u>

See Accountant's Compilation Report.

NEIGHBORS CARE CORPORATION

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Change in net assets from operations	\$ 14,672
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Adjustment to reconcile net loss to net cash provided (used) by operating activities:

Depreciation expense	6,178
Increase (decrease) in -	
Accounts payable - operations	641
Tenant security deposits held in trust	1,114
Construction liability accounts	<u>(35,740)</u>
Net cash provided (used) by operating activities	<u>\$ (13,135)</u>

Beginning Cash, January 1, 2022

Operations	\$ -
Construction	40
Tenant security deposits	-
Replacement reserve	<u>-</u>
Total Beginning Cash, January 1, 2022	<u>40</u>

Ending Cash, December 31, 2022

Operations	18,840
Construction	1,034
Tenant security deposits	1,090
Replacement reserve	<u>1,202</u>
Total Ending Cash, December 31, 2022	<u>22,166</u>

Net Increase (Decrease) in Cash	<u>\$ 22,126</u>
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See Accountant's Compilation Report.

NEIGHBORS CARE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

Note 1 - Organization and Basis of Presentation

**Organization:** Neighbors Care Corporation is a nonprofit corporation organized under laws of the State of Louisiana and registered and licensed in the State of Louisiana. It is four home assisted units located in Opelousas, Louisiana. The Corporation will operate under the provisions of the National Affordable Housing Act. The units became income producing in 2022.

**Accounting policies and practices:**

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

**Method of accounting:**

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

**Cash and cash equivalents:**

For purposes of reporting cash flows, the Project considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The project has no cash equivalents at December 31, 2022.

**Use of estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Concentration of credit risk:**

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

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

NEIGHBORS CARE CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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.

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

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

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

Income taxes:

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

Distributions:

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

Rental income:

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

NEIGHBORS CARE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

Advertising:

Advertising costs are expensed as incurred. Advertising expense was \$0 for the year ended December 31, 2022.

Classification of Net Assets:

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

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

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

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

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

All assets of the Project at December 31, 2022 were considered to be net assets without donor restrictions.

Note 2 - Net Assets

None of the Project's net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as net assets without donor restrictions.

Note 3 - Functional Allocation of Expenses

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

Note 4 - Financial Statement Presentation

The Project is required to report information regarding its financial position and activities according to three classes of net assets: Unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

NEIGHBORS CARE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

Note 5 – Certificate of Occupancy

The Certificate of Occupancy of the 4 units was issued in 2022.

Note 6 – Subsequent Events

The Project has evaluated subsequent events through June 16, 2023, the date which the financial statements were available to be issued for events requiring recording or disclosure in the organization’s financial statements.

Note 7 – Liquidity

At December 31, 2022, the Project has \$19,874 cash and equivalents available to meet needs for general expenditures consisting of cash of \$19,874 and \$0 of accounts receivable. None of the financial assets are subject to donor or other contractual restrictions. Accordingly, all such funds are available to meet the cash needs of the projects in the next 12 months. In addition, the Project may maintain funds in a reserve for replacement or operating deficit. These funds are used for the benefit of the tenants and/or Project and are required by LHC. The funds may be withdrawn only with the approval of LHC. Such funds are not considered by the Project to have donor-restrictions.

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

Note 8 - Functional Expenses

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

FASSUB Line Items	Program Services		Supporting Activities	
	Rental Operations	Service Coordinator	Management and General	Total Expenses
Administrative	\$ 475	\$ -		\$ 475
Management			2,080	2,080
Operating & maintenance	2,355			2,355
Taxes and insurance	2,170			2,170
Depreciation	6,178			6,178
Total	\$ 11,178	\$ -	\$ 2,080	\$ 13,258

NEIGHBORS CARE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

Note 9 – Home Loan Activity

Neighbors Care Corporation acquired HOME Funds in the amount of \$330,305 dated May 13, 2021, for a term of 30 years, secured by a mortgage on Neighbors Care Corporation real estate. The entity acquired an additional \$69,695 as of December 31, 2022, totaling \$400,000 in HOME Funds.

*Simple interest under this HOME Note shall be computed at 0.00% per annum on the basis of a three hundred sixty (360) day year consisting of twelve (12) thirty (30) day months.*

Payment of 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 April 1, 2022 (hereinafter referred to as the "Payment Date"). Each Annual Installment shall equal fifty percent (50%) 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.

A schedule of loan advances are as follows:

Balance, December 31, 2021	\$ 330,305
Advance March 17, 2022	22,500
Advance May 31, 2022	20,709
Advance July 22, 2022	26,486
Total	<u><u>\$400,000</u></u>

NEIGHBORS CARE CORPORATION  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2022

Note 10 – Note Payable - Other

The Corporation has a balance on a line of credit due to Evangeline Bank in the amount of \$72,427. The note payments are currently interest only until completion of construction when a permanent loan will be established.

Note 11 – Replacement Reserves

Commencing on the first month in which the Mortgaged Property is placed in service, and continuing thereafter on the 1<sup>st</sup> of each month during the 1<sup>st</sup> year of the Mortgaged Property's operation, the Borrower shall pay a deposit to the reserve in the amount of \$25 per unit.

Beginning Balance, 01/01/2022	\$	-
Deposits		1,200
Interest		<u>2</u>
Ending Balance, 12/31/2022	\$	<u><u>1,202</u></u>

Note 12 – Identity of Interest

There is a development service agreement dated November 18, 2019 by and between owner and developer in the amount of \$21,587.

NEIGHBORS CARE CORPORATION

SUPPLEMENTAL DATA  
 COMPUTATION OF SURPLUS CASH  
 FOR THE YEAR ENDED DECEMBER 31, 2022

S1300-010	Cash	<u>\$ 20,964</u>
	S1300-040 Total cash	<u>20,964</u>
S1300-075	Accounts payable – 30 days	641
2191	Tenant security deposits liability	<u>1,114</u>
	S1300-140 Total current obligations	<u>1,755</u>
S1300-150	Surplus cash (deficiency)	<u><u>\$ 19,209</u></u>
S1300-210	Due to LHC - 50%	<u><u>\$ 9,605</u></u>

NEIGHBORS CARE CORPORATION  
SCHEDULE OF FINDINGS AND RESPONSES  
December 31, 2022

Current Findings:

None

NEIGHBORS CARE CORPORATION  
STATUS OF PRIOR YEAR FINDINGS AND RESPONSES  
December 31, 2022

2021-001 Late Review Submission

Condition: The review was not submitted within six months of the close of the entity's fiscal year end.

Criteria: The review report should be completed and submitted to the Louisiana Legislative Auditor's office within six months of the close of the entity's fiscal year end.

Cause: The entity was unaware of the filing requirement with the Legislative Auditor.

Effect: The review was not submitted to the Legislative Auditor by the required deadline.

Recommendation: The entity should submit the review report to the Legislative Auditor in a timely manner.

Response: The entity will submit the required reports to the Legislative Auditor in a timely manner.

Status: This finding is clear.

NEIGHBORS CARE CORPORATION

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER  
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER  
December 31, 2022

Agency Head Name: Alex Richard, CEO  
Service Period: 12 months

Purpose:	<u>Amount</u>
Salary	\$0