

TCOA Elderly Housing, Inc.

HUD Project No. 064-EE205

*Financial Statements and
Supplementary Information*

For the year ended December 31, 2017

TCOA Elderly Housing, Inc.

HUD Project No. 064-EE205

***Financial Statements and
Supplementary Information***

For the year ended December 31, 2017

**TCOA Elderly Housing, Inc.
HUD Project No. 064-EE205**

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For the Year Ended December 31, 2017

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
TCOA Elderly Housing, Inc.,
Houma, Louisiana.

Report of the Financial Statements

We have audited the accompanying financial statements of TCOA Elderly Housing, Inc., (a nonprofit organization) HUD Project No. 064-EE205 (the Project), a wholly-owned subsidiary of Terrebonne Council on Aging, Inc., which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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 of 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 Project'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 Project'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 TCOA Elderly Housing, Inc. as of December 31, 2017, 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 basic financial statements as a whole. The accompanying supplementary information, on pages 11 through 15 is presented for purposes of additional analysis as required by the Consolidated Audit Guide for Audits of HUD Programs issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the financial statements. The accompanying supplementary information on page 16 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 and Notes to Schedule of Expenditures of Federal Awards, pages 17 and 18, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information on pages 11 through 18 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 15, 2018 on our consideration of TCOA Elderly Housing, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations,

contracts and grants 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Project's internal control over financial reporting and compliance.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana.
February 15, 2018.

TCOA Elderly Housing, Inc.
HUD Project No. 064-EE205

Statement of Financial Position

December 31, 2017

Assets

Current Assets	
Cash in bank	\$ 106,375
Prepaid expenses	<u>18,195</u>
Total current assets	<u>124,570</u>
Property and Equipment	
Land	1,300,000
Land improvements	934,587
Buildings	4,391,913
Office furniture and equipment	<u>22,957</u>
Total fixed assets	6,649,457
Accumulated depreciation	<u>(1,103,624)</u>
Net fixed assets	<u>5,545,833</u>
Restricted Deposits	
Replacement reserve	151,488
Residual receipts reserve	47,644
Tenant deposits held in trust	<u>15,728</u>
Total restricted deposits	<u>214,860</u>
Other Assets	
Deposit	<u>1,015</u>
Total assets	<u>\$ 5,886,278</u>

Liabilities and Net Assets

Liabilities	
Accounts payable	\$ 4,968
Accrued management fees	187,953
Advance from other	247,423
Tenant security deposits	<u>19,102</u>
Total liabilities	<u>459,446</u>
Net Assets	
Unrestricted net assets	2,183,852
Temporarily restricted net assets	<u>3,242,980</u>
Total net assets	<u>5,426,832</u>
Total liabilities and net assets	<u>\$ 5,886,278</u>

See notes to financial statements.

TCOA Elderly Housing, Inc.
HUD Project No. 064-EE205

Statement of Activities

For the year ended December 31, 2017

Revenues and other support	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Rent	\$ 357,551		\$ 357,551
Financial	310		310
Other	2,292		2,292
Other support			
Net assets released from restrictions	<u>109,490</u>	<u>\$ (109,490)</u>	<u>-</u>
Total revenue and other support	<u>469,643</u>	<u>(109,490)</u>	<u>360,153</u>
 Expenses			
Administrative	123,971		123,971
Utilities	29,266		29,266
Operating and maintenance	44,420		44,420
Taxes and insurance	95,948		95,948
Depreciation	<u>145,135</u>		<u>145,135</u>
Total expenses	<u>438,740</u>		<u>438,740</u>
Change in net assets	30,903	(109,490)	(78,587)
 Net assets			
Beginning of year	<u>2,152,949</u>	<u>3,352,470</u>	<u>5,505,419</u>
End of year	<u>\$ 2,183,852</u>	<u>\$ 3,242,980</u>	<u>\$ 5,426,832</u>

See notes to financial statements.

TCOA Elderly Housing, Inc.
HUD Project No. 064-EE205

Statement of Cash Flows

For the year ended December 31, 2017

Cash Flows from Operating Activities	
Rental receipts	\$ 350,351
Interest received	310
Other cash received	2,292
	<u>352,953</u>
Cash Flows used in Operating Activities	
Administrative	16,936
Utilities	29,284
Operating and maintenance	41,062
Taxes and Insurances	63,270
Tenant security deposits	(3,283)
	<u>147,269</u>
Net cash provided by operating activities	<u>205,684</u>
Cash Flows from Investing Activities	
Deposits to reserve and replacements and interest retained in account	(19,006)
Deposits to residual receipts and interest retained in account	(146)
	<u>(19,152)</u>
Net cash used by investing activities	<u>(19,152)</u>
Cash Flows from Financing Activities	
Repayment to Terrebonne Council on Aging, Inc.	(275,000)
	<u>(275,000)</u>
Net decrease in cash	(88,468)
Cash	
Beginning of year	<u>194,843</u>
End of year	<u>\$ 106,375</u>
Cash flow	
Decrease in net assets	\$ (78,587)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation	145,135
(Increase) decrease in:	
Cash restricted for tenant deposits held in trust	3,109
Prepaid expenses	12,066
Increase (decrease) in:	
Accounts payable	(985)
Accrued expenses	124,560
Tenant security deposits	386
	<u>386</u>
Net cash used by operating activities	<u>\$ 205,684</u>

See notes to financial statements.

**TCOA Elderly Housing, Inc.
HUD Project No. 064-EE205**

Notes to Financial Statements

December 31, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Nature of Organization and Operations

TCOA Elderly Housing, Inc. (the Project) is a non-profit corporation organized under the laws of the State of Louisiana. The Project is a 50-unit apartment project for the elderly located in Houma, Louisiana.

The purpose of the Project is to own, manage, operate and provide qualified supportive housing for elderly households having at least one person with disabilities, in accordance with Section 202 of the National Housing Act of 1990, as amended. The program makes capital advances to the non-profit corporation in order to fund the construction of such housing. The capital advances bear no interest and need not be repaid so long as the owner continues to make the housing available for the disabled for at least forty years. Under this Program, HUD has significant regulatory authority over the Project's rental charges and operating methods and procedures. HUD mandates or acts of Congress may change administrative directive, rules and regulations and impact the Project financially.

The responsibility for management of the affairs of the Project, and the ongoing management of the Project is vested with its officers. Compensation for such services is determined in the management and regulatory agreements.

b) Method of Accounting

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

c) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

d) Cash Equivalents

For the statements of cash flows, all unrestricted investment instruments with original maturities of one year or less are cash equivalents.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Property, Equipment and Depreciation

Land, land improvements, buildings and office furniture and equipment are recorded at cost. Only assets costing \$1,200 or more are capitalized and depreciated. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred.

Property and equipment are depreciated using the straight-line method based on the estimated useful lives of the assets as follows:

Office furniture and equipment	5 years
Land improvements	25 - 40 years
Buildings	10 - 40 years

f) 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.

g) Income Taxes

The Project is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Project has elected the provisions of FASB ASC 740-10 (formerly FASB Interpretation 48, "Accounting for Uncertainties in Income Taxes.") The Project has not adopted any uncertain tax positions with respect to those amounts reported during its year ended December 31, 2017 financial statements. The federal exempt organization returns for the years ended December 31, 2016, 2015 and 2014 are subject to examination by the IRS, generally three years after they were filed.

Note 2 - CONCENTRATION OF CREDIT RISKS

The Project maintains several bank accounts at a bank located in South Louisiana. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2017, the Project's uninsured deposits totaled \$33,846.

Note 3 - HUD – RESTRICTED DEPOSITS

Under the regulatory agreement, the Project is required to set aside amounts for the replacement of property and other project expenditures approved by HUD. HUD-restricted deposits are held in separate accounts and generally are not available for operating purposes. As of December 31, 2017, the Project had \$214,860 deposited in the separate accounts.

Note 4 - RESIDUAL RECEIPTS ACCOUNT

Use of the residual receipts account is contingent upon HUD's prior written approval.

Note 5 - FIXED ASSETS

A summary of fixed assets at December 31, 2017, is as follows:

	Beginning Balances	Additions/ Deletions	Ending Balance
Land	\$ 1,300,000	\$ -	\$ 1,300,000
Land improvements	934,587	-	934,587
Building	4,391,913	-	4,391,913
Furniture and equipment	22,957	-	22,957
Total	6,649,457	-	6,649,457
Accumulated depreciation	(958,489)	(145,135)	(1,103,624)
Net book value	<u>\$ 5,690,968</u>	<u>\$ (145,135)</u>	<u>\$ 5,545,833</u>

Depreciation expense for the year was \$145,135.

Note 6 - TEMPORARILY RESTRICTED NET ASSETS

The Project received a \$4,082,400 capital advance from HUD for the construction of a multifamily residual housing facility. The construction of the facility along with the cost of land improvements was capitalized as a fixed asset and therefore the temporary restriction is lifted as the building and land improvements depreciate over its useful life. As of December 31, 2017, \$839,419 of total cost has been depreciated and therefore is included in unrestricted net assets.

Note 7 - RENT INCREASES

Under the regulatory agreement, the Project may not increase rents charged to tenants without HUD approval.

Note 8 - MANAGEMENT FEE

The Project pays a management fee equal to ten percent of collected revenue and bookkeeping fees equal to five dollars per unit per month to Terrebonne Council on Aging, Inc. During the year ended December 31, 2017, the Project accrued \$36,456 in management and bookkeeping fees. See Note 10.

Note 9 - FUNCTIONAL ALLOCATION OF EXPENSES

Expenditures incurred in connection with project operations and expenditures made for corporate (mortgagor entity) purposes have been summarized on a functional basis in the statement of activities.

Note 10 - RELATED PARTIES

The Project has an interest free unsecured working capital advance, with uncertain terms for payback from its parent organization, Terrebonne Council On Aging, Inc. (TCOA). The advance, which is reported at December 31, 2017 as advance from other, is for expenses paid on behalf of the Project by TCOA. The Project also accrues management fees, described in Note 8, due to TCOA. During the year ended December 31, 2017, expenses paid by TCOA on behalf of the Project amounted to \$88,104. As of December 31, 2017, the Project's advance due to TCOA and accrued management fees amounted to \$247,423 and \$187,953, respectively. It is the Project's intention to pay down on the advance and accrued management fees at a time when its cash position stabilizes. This continued in the 2017 fiscal year with payments totaling \$275,000.

Note 11 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Project's sole asset is a 50-unit apartment project. The Project's operations are concentrated in the multifamily real estate market. In addition, the Project operates in a heavily regulated environment. The operations of the Project are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, 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 the related cost, including the additional administrative burden, to comply with a change.

Note 12 - EVALUATION OF SUBSEQUENT EVENTS

The Project has evaluated subsequent events through February 15, 2018, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

TCOA Elderly Housing, Inc.
HUD Project No. 064-EE205

Index to Supplementary Information Required by HUD

December 31, 2017

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TCOA Elderly Housing, Inc.
HUD Project No. 064-EE205

Statement of Financial Position Data

December 31, 2017

<u>Account Number</u>			
Assets			
Current Assets			
1120	Cash in bank	\$	106,375
1200	Prepaid expenses		<u>18,195</u>
1100T	Total current assets		<u>124,570</u>
1191	Tenant deposits held in trust		<u>15,728</u>
Restricted Deposits			
1320	Replacement reserve		151,488
1340	Residual receipts reserve		<u>47,644</u>
1300T	Total deposits		<u>199,132</u>
Property and Equipment			
1410	Land		1,300,000
1410	Land improvements		934,587
1420	Buildings		4,391,913
1465	Office furniture and equipment		22,957
1490	Miscellaneous fixed assets		<u>-</u>
1400T	Total fixed assets		6,649,457
1495	Accumulated depreciation		<u>(1,103,624)</u>
1400N	Net fixed assets		<u>5,545,833</u>
Other Assets			
1590	Miscellaneous other assets		<u>1,015</u>
1500T	Total other assets		<u>1,015</u>
1000T	Total assets	\$	<u><u>5,886,278</u></u>
Liabilities and Net Assets			
Current Liabilities			
2110	Accounts payable - operations	\$	4,968
2123	Accrued management fee payable		187,953
2190	Miscellaneous current liability		<u>247,423</u>
2122T	Total current liabilities		<u>440,344</u>
2191	Tenant deposits held in trust		<u>19,102</u>
2000T	Total liabilities		<u>459,446</u>
Net Assets			
3131	Unrestricted net assets		2,183,852
3132	Temporarily restricted net assets		<u>3,242,980</u>
3130	Total net assets		<u>5,426,832</u>
2033T	Total liabilities and net assets	\$	<u><u>5,886,278</u></u>

TCOA Elderly Housing, Inc.
HUD Project No. 064-EE205

Statement of Activities Data

For the year ended December 31, 2017

<u>Account Number</u>			
	Revenues		
5120	Rent revenue - gross potential	\$	144,167
5121	Tenant assistance payments		<u>213,384</u>
5100T	Total rent revenue		<u>357,551</u>
5430	Revenue from investments - residual receipts		145
5440	Revenue from investments - replacement reserve		165
5490	Revenue from investments - miscellaneous		<u>-</u>
5400T	Total financial revenue		<u>310</u>
5910	Laundry and vending revenue		1,692
5920	Tenant charges		-
5990	Miscellaneous revenue		<u>600</u>
5900T	Total other revenue		<u>2,292</u>
5000T	Total revenue		<u>360,153</u>
	Expenses		
6311	Office expenses		6,427
6320	Management fees		33,516
6330	Manager or superintendent salaries		61,690
6331	Administrative rent free unit		7,200
6350	Audit expense		7,000
6351	Bookkeeping fees/Accounting services		5,962
6390	Miscellaneous Administrative Expenses		<u>2,176</u>
6263T	Total administrative expenses		<u>123,971</u>

**Schedule 2
(Continued)**

6450	Electricity	10,593
6451	Water	<u>18,673</u>
6400T	Total utilities expenses	<u>29,266</u>
6515	Supplies	7,764
6520	Contracts	19,779
6525	Garbage and trash removal	3,181
6546	Heating/cooling repairs and maintenance	12,411
6590	Miscellaneous operating maintenance	<u>1,285</u>
6500T	Total operating and maintenance expenses	<u>44,420</u>
6711	Payroll taxes	5,246
6720	Property and liability insurance	77,021
6722	Workmen's compensation	5,251
6723	Health insurance and other employee benefits	<u>8,430</u>
6700T	Total taxes and insurance expenses	<u>95,948</u>
6000T	Total cost of operations before depreciation	<u>293,605</u>
5060T	Change in net assets before depreciation	66,548
6600	Depreciation expense	<u>145,135</u>
5060N	Operating loss	<u>(78,587)</u>
7100T	Net entity expenses	-
3247	Change in unrestricted net assets from operations	30,903
3248	Change in temporarily restricted net assets from operations	<u>(109,490)</u>
		<u>\$ (78,587)</u>
S1000-010	Total mortgage principal payments required during the period.	\$ -
S1000-020	Total of monthly deposits during the period in the replacement reserve account.	\$ 19,102
S1000-030	Replacement reserve or residual receipts releases which are included as expense items on this profit and loss statement.	\$ -
S1000-040	Project improvement reserve releases under the flexible subsidy program that are included as expense items on this profit and loss statement.	\$ -

TCOA Elderly Housing, Inc.
HUD Project No. 064-EE205

Statement of Cash Flows Data

For the year ended December 31, 2017

Cash Flows from Operating Activities		
S1200-010	Rental receipts	\$ 350,351
S1200-020	Interest received	310
S1200-030	Other operating receipts	2,292
S1200-040	Total receipts	<u>352,953</u>
S1200-050	Administrative	16,936
S1200-090	Utilities	29,284
S1200-110	Operating and maintenance	41,062
S1200-150	Taxes and insurances	63,270
S1200-160	Tenant security deposits	(3,283)
	Total disbursements	<u>147,269</u>
S1200-240	Net cash provided by operating activities	<u>205,684</u>
Cash Flows from Investing Activities		
S1200-250	Deposits to reserve for replacements and interest retained in account	(19,006)
S1200-260	Deposits to residual receipts and interest retained in account	<u>(146)</u>
S1200-350	Net cash used by investing activities	<u>(19,152)</u>
Cash Flows from Financing Activities		
S1200-450	Other financing activities	<u>(275,000)</u>
S1200-460	Net cash used by financial activities	<u>(275,000)</u>
S1200-480	Net decrease in cash	(88,468)
S1200-480	Cash, beginning of year	<u>194,843</u>
S1200T	Cash, end of year	<u>\$ 106,375</u>
Reconciliation of change in net assets to cash used by operating activities:		
3250	Decrease in net assets	\$ (78,587)
	Adjustments to reconcile change in net assets to net cash used by activities:	
6600	Depreciation	145,135
S1200-520	Decrease in prepaid expenses	12,066
S1200-530	Decrease in cash restricted for tenant security deposits	3,109
S1200-540	Decrease in accounts payable	(985)
S1200-560	Increase in accrued liabilities	124,560
S1200-580	Increase in tenant security deposits	<u>386</u>
S1200-610	Net cash provided by operating activities	<u>\$ 205,684</u>

TCOA Elderly Housing, Inc.
HUD Project No. 064-EE205

For the year ended December 31, 2017

COMPUTATION OF SURPLUS CASH - ANNUAL

S1300-010	Cash	\$ 106,075
1191	Tenant deposits held in trust	<u>15,728</u>
S1300-040	Total cash	<u>121,803</u>
S1300-075	Accounts Payable	4,968
S1300-100	Accrued expenses	187,953
2191	Tenant security deposits	19,102
S1300-110	Other current obligations	<u>88,104</u>
S130-140	Total current obligations	<u>300,127</u>
S130-150	Deficit cash	<u>\$ (178,324)</u>

SCHEDULE OF CHANGES IN FIXED ASSET ACCOUNTS

	Beginning Balance	Additions/ Deletions	Ending Balance
Land	\$ 1,300,000	\$ -	\$ 1,300,000
Land improvements	934,587	-	934,587
Building	4,391,913	-	4,391,913
Furniture and equipment	22,957	-	22,957
Total	6,649,457	-	6,649,457
Accumulated depreciation	(958,489)	(145,135)	(1,103,624)
Net book value	<u>\$ 5,690,968</u>	<u>\$ (145,135)</u>	<u>\$ 5,545,833</u>

SCHEDULE OF RESERVE FOR REPLACEMENTS

Balance at beginning of year	\$ 132,483
Total monthly deposits	18,840
Interest on replacement reserve accounts	<u>165</u>
Balance at end of year	<u>\$ 151,488</u>

SCHEDULE OF RESIDUAL RECEIPTS

Balance at beginning of year	\$ 47,499
Other deposits - interest income	<u>145</u>
Balance at end of year	<u>\$ 47,644</u>

**TCOA Elderly Housing, Inc.
HUD Project No. 064-EE205**

**Schedule of Compensation, Benefits and Other Payments to Agency Head or
Chief Executive Officer**

December 31, 2017

Agency Head Name: Diana Edmonson

Purpose	Amount
Salary	\$ -
Benefits - insurance	-
Benefits - retirement	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-
	<hr/>
	\$ -
	<hr/> <hr/>

Note: Diana Edmonson is the Director of Elderly Housing. TCOA Elderly Housing, Inc. did not pay any compensation, benefits and other payments to Diana Edmonson during the year ended December 31, 2017.

TCOA Elderly Housing, Inc.
HUD Project No. 064-EE205

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Federal Award/ Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development				
Office of Housing-Federal Housing Commissioner				
HUD 202 Capital Advance	14.157	HUD No. 064- EE205/PRAC No. LA48S061005	\$ -	\$ 4,082,400
HUD 202 Rental Assistance	14.157	HUD No. 064- EE205/PRAC No. LA48S061005	-	213,384
			<u>\$ -</u>	<u>\$ 4,295,784</u>

See Notes to Schedule of Expenditures of Federal Awards.

TCOA Elderly Housing, Inc.
HUD Project No. 064-EE205

Notes to Schedule of Expenditures of Federal Awards

December 31, 2017

Note 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule), includes the federal award activity of TCOA Elderly Housing, Inc. under programs of the federal government for the year ended December 31, 2017. 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 (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of TCOA Elderly Housing, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of TCOA Elderly Housing, Inc.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Note 3 - INDIRECT COST RATE

TCOA Elderly Housing has not elected to use 10 percent *de minimis* indirect cost rate as allowed under the *Uniform Guidance*.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**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,
TCOA Elderly Housing, Inc.,
Houma, 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 TCOA Elderly Housing, Inc., State of Louisiana (the Project), HUD Project No. 064-EE205, a component unit of Terrebonne Council on Aging, which comprise the statement of financial position as of December 31, 2017, and the related statement 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 February 15, 2018.

Internal Control Over Financial Reporting

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

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
February 15, 2018.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors,
TCOA Elderly Housing, Inc.,
Houma, Louisiana

Report on Compliance for Each Major Federal Program

We have audited TCOA Elderly Housing, Inc. (the Project) compliance with the types of compliance requirements described in the Uniform Guidance Compliance Supplement that could have a direct and material effect on each of the Project's major federal programs for the year ended December 31, 2017. The Project's 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 the Project's 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 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 the Project's 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 the Project's compliance.

Opinion on Each Major Federal Program

In our opinion, the Project 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, 2017.

Report on Internal Control Over Compliance

Management of the Project 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 the Project's 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 the Project's 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 a 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement 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, material weaknesses may exist that have not been identified.

The purpose of this report on 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.



Certified Public Accountants.

Houma, Louisiana,
February 15, 2018.

**TCOA Elderly Housing, Inc.
HUD Project No. 064-EE205**

**Schedule of Findings and Questioned Costs
(Continued)**

For the year ended December 31, 2017

Section I Summary of Auditor's Results (continued):

c) Identification of Major Programs (continued):

Dollar threshold used to distinguish Between type A and type B programs	<u>\$750.000</u>	
Auditee qualified as low-risk auditee?	<u> X </u> yes	___ no

Section II Financial Statement Findings

No financial statement findings were noted during the audit of the financial statements for the year ended December 31, 2017.

Section III Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported during the audit for the year ended December 31, 2017.

REPORTS BY MANAGEMENT

**TCOA Elderly Housing, Inc.
HUD Project No. 064-EE205**

Schedule of Prior Year Findings and Questioned Costs

For the year ended December 31, 2017

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 2016.
No significant deficiencies were reported during the audit for the year ended December 31, 2016.

Compliance

No compliance findings material to the Project's financial statements were noted during the audit for the year ended December 31, 2016.

Section II Internal Control and Compliance Material to Federal Awards

There were no federal award findings or questioned costs reported during the audit for the year ended December 31, 2016.

Section III Management Letter

A management letter was not issued for the year ended December 31, 2016.

**TCOA Elderly Housing, Inc.
HUD Project No. 064-EE205**

Management's Corrective Action Plan

For the year ended December 31, 2017

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 2017.
No significant deficiencies were reported during the audit for the year ended December 31, 2017.

Compliance

No compliance findings material to the Project's financial statements were noted during the audit for the year ended December 31, 2017.

Section II Internal Control and Compliance Material to Federal Awards

There were no federal award findings or questioned costs reported during the audit for the year ended December 31, 2017.

Section III Management Letter

A management letter was not issued for the year ended December 31, 2017.

CERTIFICATIONS

**TCOA Elderly Housing, Inc.
HUD Project No. 064-EE205**

Certification of Project Owner

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



Ivy Dupre, Chairman

February 15, 2018

Date



L. J. Folse, Vice-Chairman

February 15, 2018

Date

**TCOA Elderly Housing, Inc.
HUD Project No. 064-EE205**

Management Agent's Certification

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

Management Agent's Name: **Terrebonne Council on Aging, Inc.**

Name of Management Agent's Representative:

Riana J. Edmondson

Date: February 15, 2018

**INDEPENDENT AUDITOR'S REPORT ON APPLYING
AGREED-UPON PROCEDURES**

To the Board of Directors,
TCOA Elderly Housing, Inc.,
Houma, Louisiana.

We have performed the procedure described in the second paragraph of this report, which was agreed to by TCOA Elderly Housing, Inc. and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents included within the Uniform Guidance reporting package. TCOA Elderly Housing, Inc. is responsible for accuracy and completeness of the electronic submission. This agreed-upon procedure engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to the attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States. The sufficiency of the procedure is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the “UFRS Rule Information” column with the corresponding printed documents listed in the “Hard Copy Documents” column. The results on the performance of our agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the attached chart.

We were engaged to perform an audit in accordance with the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations, by TCOA Elderly Housing, Inc. as of and for the year ended December 31, 2017, and have issued our reports thereon dated February 15, 2018. The information in the “Hard Copy Documents” column was included within the scope, or was a by-product of that audit. Further, our opinion on the fair presentation of the supplementary information dated February 15, 2018, was expressed in relation to the financial statement of TCOA Elderly Housing, Inc. taken as a whole.

A copy of the financial statement package required by the *Uniform Guidance*, which includes the auditor's reports, is available in its entirety from TCOA Elderly Housing, Inc. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, PIH-REAC.

This report is intended solely for the information and use of TCOA Elderly Housing, Inc. and the U.S. Department of Housing and Urban Development, PIH-REAC, and is not intended to be and should not be used by anyone other than these specified parties.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana.
February 15, 2018.

**TCOA Elderly Housing, Inc.
HUD Project No. 064-EE205**

ATTACHMENT TO INDEPENDENT AUCCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

UFRS Rule Informaiton	Hardy Copy Documents	Findings
Balance Sheet, Revenue and Expense and Cash Flow Data (account numbers 1120 ot 7100T and the S1200 Series)	Supplemental Schedules with Financial Statement Data	Agrees
Surplus Cash (S1300 series of accounts)	Computation of Surplus Cash, Distributions and Residual Receipts (Annual)	Agrees
Footnotes (S3100 series of accounts)	Notes to Financial Statements	Agrees
Types of Opinion on the Financial Statements and Auditor Reports (S3400, S3500, and S3600 series of accounts)	Auditor's Reports on the Financial Statements, Compliance and Internal Control	Agrees
Type of Opinion on Supplemental Data (account number S3400-100)	Auditor's Report on Supplemental Data	Agrees
Audit Findings Narrative (S3800 series of accounts)	Schedule of Findings and Questioned Costs	Agrees
General Inforamtion (S3300, S3700 and S3800 series of accounts)	Schedule of Findings and Questioned Costs and OMB Data Collection Form	Agrees