

**The Fuller Center for Housing of  
Northwest Louisiana, Inc.**

**Financial Statements**

**As of and for the Years Ended June 30, 2017 and 2016**

The Fuller Center for Housing of  
Northwest Louisiana, Inc.

Table of Contents

	<u>Page No.</u>
<b>Independent Auditors' Report</b>	1 - 2
<b>Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities:	
For the Year Ended June 30, 2017	4
For the Year Ended June 30, 2016	5
Statements of Functional Expenses:	
For the Year Ended June 30, 2017	6
For the Year Ended June 30, 2016	7
Statements of Cash Flows	8
Notes to Financial Statements	9 – 15
<b>Schedule of Compensation, Benefits, and Other Payments to Agency Head</b>	16
<b>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 <i>Government Auditing Standards</i></b>	17 - 18
<b>Schedules for Louisiana Legislative Auditor</b>	
Summary of Schedule of Prior Audit Findings	19
Schedule of Current Year Audit Findings	19

# COOK & MOREHART

*Certified Public Accountants*

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA  
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA  
J. PRESTON DELAUNE, CPA

MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

To the Board of Directors  
The Fuller Center for Housing of  
Northwest Louisiana, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Fuller Center for Housing of Northwest Louisiana, Inc., which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 The Fuller Center for Housing of Northwest Louisiana, Inc., as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

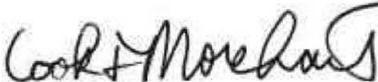
### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information schedule of compensation, benefits, and other payments to agency head shown on page 16 is presented for the purpose of additional analysis and is not a required part of financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2017, on our consideration of The Fuller Center for Housing of Northwest Louisiana, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Fuller Center for Housing of Northwest Louisiana, Inc.'s internal control over financial reporting and compliance.



Cook & Morehart  
Certified Public Accountants  
December 14, 2017

The Fuller Center for Housing of Northwest Louisiana, Inc.  
 Statements of Financial Position  
 June 30, 2017 and 2016

Assets	2017	2016
Cash	\$ 93,620	\$ 120,455
Rents receivable	2,182	2,327
Other receivables - grants and contracts		10,712
Prepaid expenses and deposits	4,873	15,886
Inventory	70,824	46,255
Cash restricted for building construction	91,289	71,836
Non-interest bearing residential mortgage loans, net of unamortized discount of \$334,329 and \$275,854	1,320,727	1,108,075
Homes awaiting closing, net	501,571	630,289
Homes under construction	54,094	299,540
Property held for future construction	116,656	116,656
Property and equipment, net	805,374	833,461
Total Assets	\$ 3,061,210	\$ 3,255,492
 Liabilities and Net Assets		
Accounts payable	\$ 23,533	\$ 74,191
Line of credit	68,678	71,655
Total liabilities	92,211	145,846
 Net assets:		
Unrestricted	2,874,587	3,086,802
Temporarily restricted	94,412	22,844
Total net assets	2,968,999	3,109,646
Total Liabilities and Net Assets	\$ 3,061,210	\$ 3,255,492

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

The Fuller Center for Housing of Northwest Louisiana, Inc.  
Statement of Activities  
For the Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Other Support:			
Grant revenue	\$ 13,535	\$	\$ 13,535
Fundraising	81,182		81,182
Contributions	14,972	145,711	160,683
Rents on homes awaiting closing	52,305		52,305
Interest and dividend income	43,487		43,487
Surplus store sales	101,536		101,536
Fuller deli and grocery sales	6,801		6,801
Other	4,605		4,605
Net assets released from restrictions:			
Satisfaction of restrictions	74,143	(74,143)	
<b>Total revenues and other support</b>	<b>392,566</b>	<b>71,568</b>	<b>464,134</b>
Expenses:			
Program services			
Home construction and rehabilitation	266,506		266,506
Fuller grocery store	36,817		36,817
Surplus store	126,316		126,316
Supportive services:			
Management and general	149,980		149,980
Fundraising	25,162		25,162
<b>Total expenses</b>	<b>604,781</b>		<b>604,781</b>
Change in net assets	(212,215)	71,568	(140,647)
Net assets, beginning of year	3,086,802	22,844	3,109,646
Net assets, end of year	<b>\$ 2,874,587</b>	<b>\$ 94,412</b>	<b>\$ 2,968,999</b>

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

The Fuller Center for Housing of Northwest Louisiana, Inc.  
Statement of Activities  
For the Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Other Support:			
Grant revenue	\$ 369,785	\$	\$ 369,785
Fundraising	140,211		140,211
Contributions	44,586	161,569	206,155
Rents on homes awaiting closing	46,098		46,098
Interest and dividend income	39,945		39,945
Surplus store sales	113,837		113,837
Fuller deli and grocery sales	26,655		26,655
Other	4,648		4,648
Net assets released from restrictions:			
Satisfaction of restrictions	230,560	(230,560)	
<b>Total revenues and other support</b>	<u>1,016,325</u>	<u>(68,991)</u>	<u>947,334</u>
Expenses:			
Program services			
Home construction and rehabilitation	257,260		257,260
Fuller grocery store	157,150		157,150
Surplus store	145,201		145,201
Supportive services:			
Management and general	147,793		147,793
Fundraising	8,610		8,610
<b>Total expenses</b>	<u>716,014</u>		<u>716,014</u>
Change in net assets	300,311	(68,991)	231,320
Net assets, beginning of year	<u>2,786,491</u>	<u>91,835</u>	<u>2,878,326</u>
Net assets, end of year	<u>\$ 3,086,802</u>	<u>\$ 22,844</u>	<u>\$ 3,109,646</u>

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

The Fuller Center for Housing of Northwest Louisiana, Inc.  
Statement of Functional Expenses  
For the Year Ended June 30, 2017

	Program Services			Supportive Services		Total
	Home Construction and Rehabilitation	Fuller Grocery Store	Surplus Store	Management and General	Fundraising	
Property closing	\$ 7,356	\$	\$	\$	\$	\$ 7,356
Loss on sale of property	95,678					95,678
Payroll expenses	56,275	11,364	74,064	93,270		234,973
Insurance	19,056	4,484	7,735	5,340		36,615
Utilities	7,695	9,885	8,231	6,911		32,722
Depreciation	51,805		17,586	1,476		70,867
Advertising	552	3,770			5,874	10,196
Education			2,095	540		2,635
Office expense	6,970	108	5,757	9,859		22,694
Repairs & maintenance	5,507	2,484	4,945	8,063		20,999
Professional fees	15,612			16,648	50	32,310
Miscellaneous		4,722	5,903	4,880	19,238	34,743
Interest expense				2,993		2,993
<b>Total Expenses</b>	<b>\$ 266,506</b>	<b>\$ 36,817</b>	<b>\$ 126,316</b>	<b>\$ 149,980</b>	<b>\$ 25,162</b>	<b>\$ 604,781</b>

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

The Fuller Center for Housing of Northwest Louisiana, Inc.  
Statement of Functional Expenses  
For the Year Ended June 30, 2016

	Program Services			Supportive Services		Total
	Home Construction and Rehabilitation	Fuller Grocery Store	Surplus Store	Management and General	Fundraising	
Property Taxes	\$ 12,504	\$	\$	\$	\$	\$ 12,504
Payroll expenses	133,269	57,595	50,386	62,192		303,442
Insurance	19,747	5,732	7,395	7,959		40,833
Utilities	6,143	14,271	6,591	5,709		32,714
Depreciation	58,660	14,713	8,590	1,475		83,438
Advertising	409	4,748	726		7,779	13,662
Education				2,916		2,916
Supplies		21,738				21,738
Office expense				19,749		19,749
Repairs & maintenance	9,118	602	8,786	7,781		26,287
Professional fees	11,465	2,126	5,253	19,193		38,037
Cost of surplus store inventory			57,474			57,474
Cost of grocery inventory		35,625				35,625
Miscellaneous	3,807			18,738	831	23,376
Other construction expenses	2,138					2,138
Interest expense				2,081		2,081
<b>Total Expenses</b>	<b>\$ 257,260</b>	<b>\$ 157,150</b>	<b>\$ 145,201</b>	<b>\$ 147,793</b>	<b>\$ 8,610</b>	<b>\$ 716,014</b>

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

The Fuller Center for Housing of Northwest Louisiana, Inc.  
 Statements of Cash Flows  
 For the Years Ended June 30, 2017 and 2016

Operating Activities	2017	2016
Change in net assets	\$ (140,647)	\$ 231,230
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	70,867	83,438
Loss on sales of homes	95,678	
Decrease (increase) in temporarily restricted cash	(19,453)	19,999
Changes in operating assets and liabilities:		
Decrease (increase) in mortgage loans	(357,392)	53,238
Decrease (increase) in rents receivable	145	908
Decrease (increase) in other receivables	10,712	25,384
Decrease (increase) in inventory	(24,569)	13,415
Decrease (increase) in prepaid assets and deposits	11,013	789
Decrease (increase) homes under construction	245,446	(299,540)
Decrease (increase) in homes awaiting closing	135,000	
Decrease (increase) in property held for future construction		3,733
Increase (decrease) in accounts payable	(50,658)	53,587
	(23,858)	186,181
Net cash provided by (used in) operating activities		
Investing activities		
Purchase of property and equipment		(276,009)
Net cash (used by) investing activities		(276,009)
Financing activities		
Payments on line of credit	(2,977)	
Proceeds from line of credit		24,762
	(2,977)	24,762
Net cash provided by (used in) financing activities		
Net (decrease) in cash	(26,835)	(65,066)
Cash at beginning of year	120,455	185,521
Cash at end of year	\$ 93,620	\$ 120,455
Supplemental Cash Flow Information		
Interest paid	\$ 2,993	\$ 2,081

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

The Fuller Center for Housing of  
Northwest Louisiana, Inc.  
Notes to Financial Statements  
June 30, 2017 and 2016

(1) Summary of Significant Accounting Policies

A. Nature of Activities

The Fuller Center for Housing of Northwest Louisiana, Inc. (The Center) is a nonprofit corporation organized under the laws of the State of Louisiana. The Center was established in 2006 to support access to decent, affordable housing for low-income individuals and families in Northwest Louisiana. The organization seeks to (1) rehabilitate existing homes and (2) construct basic new homes. These homes are sold to families at cost, and are financed with non-interest bearing mortgages. Recipients are selected based on need and willingness to participate, regardless of race, religion, gender or other ethnic background.

B. Basis of Presentation

The Center follows accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets generally accepted accounting principles (GAAP) that the Center follows to ensure the consistent reporting of its financial condition, changes in net assets and cash flows. References to GAAP issued by the FASB in the accompanying footnotes are to the FASB Accounting Standards Codification (ASC).

Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets are classified into one of the following categories:

**Unrestricted** – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors. Restricted assets received and expended in the same years are classified as unrestricted.

**Temporarily Restricted** – Net assets whose use by the center is subject to donor-imposed stipulations that can be fulfilled by actions of the Center pursuant to those stipulations or that expire through the passage of time.

Expenses are generally reported as decreases in unrestricted net assets. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as transfers between the applicable classes of net assets. Gains and losses on investments and other assets and liabilities are reported as increases and decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or law.

C. Restricted and Unrestricted Revenue

**Contributions** – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions

(Continued)

The Fuller Center for Housing of  
Northwest Louisiana, Inc.  
Notes to Financial Statements  
June 30, 2017 and 2016  
(Continued)

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**Sales to Homeowners** – Sales to homeowners represent the sale of homes built by the Center. The resulting mortgages are non-interest bearing and have been discounted based upon prevailing market rates for low income housing at the inception of the mortgages. The sales to homeowners in the statement of activities are presented net of the applicable discount. The Center recognizes the income from the sales to homeowners when the homes are substantially complete and ownership is transferred through a home closing.

**Grants and Contracts** – the Center is funded through various grants, cost reimbursement and performance based contracts. The Center accounts for grants and contracts as exchange transactions. Revenue is recognized as an increase in the statement of activities as stipulated performance is executed, or as expenditures are incurred in accordance with applicable agreements under expenditures reimbursement contracts. A receivable is recorded to the extent contract revenue exceeds payment received; conversely, advances in excess of costs incurred are deferred and recognized as revenue when the related expense is incurred.

**In-Kind Contributions** – Support arising from donated goods, property and services is recognized in the financial statements at its fair value. Donated services are recognized when the services are received, provided that they create or enhance non-financial assets, or require specialized skills, are performed by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated goods recognized during the years ended June 30, 2017 and 2016 were \$22,031 and \$38,839, respectively. There were no donated services recognized for the years ended June 30, 2017 and 2016.

The Center also utilizes the services of volunteers to perform a variety of tasks that assist the organization. The fair value of these services is not recognized in the accompanying financial statements since they do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

**D. Cash and Cash Equivalents**

For purposes of the Statements of Cash Flows, the Center considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**E. Mortgages Receivable**

Mortgages receivable consist of non-interest bearing mortgages, which are secured by real estate and payable in monthly installments. All mortgages have an original maturity of 20 years and have been discounted at 3% based on prevailing market rates at the inception of the mortgages. Interest income (mortgage discount amortization) is recorded using the effective interest method over the lives of the mortgages.

(Continued)

The Fuller Center for Housing of  
Northwest Louisiana, Inc.  
Notes to Financial Statements  
June 30, 2017 and 2016  
(Continued)

2

Mortgage receivables are considered delinquent by the Center when they are 30 days late. At June 30, 2017, mortgages with principal balances of \$90,388 were past due by 30 days. At June 30, 2016, mortgages with a principal balance of \$199,981 were past due by 30 days.

The Center estimates an allowance for loan losses based on historical collection experience and review of the status of the mortgages receivable. The Center works with delinquent homeowners to identify opportunities for financial budgeting improvement. The Center has experienced success in educating delinquent homeowners, and structuring payment plans to cure delinquencies within a minimal amount of time. It is possible that the Centers' estimate of allowance for loan losses will change in future years. Due to the historical success experience by the Center in regards to collecting mortgages receivable, management has determined that all receivables are collectible as of June 30, 2017 and 2016. Accordingly, no allowance for loan losses is reported as of June 30, 2017 and 2016 in the accompanying financial statements.

F. Homes Under Construction

Costs incurred in conjunction with homes under construction are accumulated in the statement of net assets during the period of construction and expensed when the home is transferred to the homeowner. The Center had one home under construction as of June 30, 2017, with an accumulated cost of \$54,094. The Center had four homes under construction as of June 30, 2016, with an accumulated cost of \$299,540 as of that date.

G. Homes Awaiting Closing

In some cases, the Center completes the construction of a home for a selected homeowner but is unable to transfer title of the home to the prospective homeowner immediately upon completion. The causes for these delays include the need for additional time to clear title defects to the property and additional time needed for the prospective homeowner to accumulate the funds needed for closing. In these circumstances, it is the Center's policy to allow the prospective homeowner to occupy the home under a lease/purchase contract, pending the ability to move forward with the closing. Under the terms of these contracts, monthly rents are set at an amount equal to the monthly payment that will be due under the mortgage once the closing has occurred. Upon closing, the purchase price will be reduced by the amount of any rents paid up to that point in time.

In these instances, where applicable, the cost of homes awaiting sale are reduced to the amount of the total payments to be received under the lease/purchase arrangement. The assets are depreciated during the rental period over a life of 20 years.

H. Property and Equipment

Property and equipment are stated at cost if purchased, or fair value if donated. Depreciation is calculated using the straight-line method over the useful lives of the assets.

Estimated useful lives by type of asset are estimated as follows:

Buildings	15 – 30 years
Furniture, fixtures and equipment	3 – 10 years
Vehicles	5 years

(Continued)

The Fuller Center for Housing of  
Northwest Louisiana, Inc.  
Notes to Financial Statements  
June 30, 2017 and 2016  
(Continued)

The Center's policy is to capitalize expenditures for property and equipment and donated property and equipment received that exceed \$1,000 and have a useful life greater than one year. When items are retired or disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities. Repairs and betterments in excess of \$1,000 that materially prolong the useful lives of assets are capitalized. Repairs and maintenance for normal upkeep are expensed as incurred.

In accordance with ASC 360-10, property, plant and equipment, the Center periodically reviews the carrying value of long-lived assets held and used for possible impairment when events and circumstances warrant such a review. For the years ended June 30, 2017 and 2016, the Center did not experience any impairment losses on its long-lived assets.

I. Income Tax Status

The Center is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as an organization other than a private foundation.

Management has evaluated the Center's tax positions and concluded that the Center has taken no uncertain tax positions that require adjustment to the financial statements. Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ended June 30, 2014, 2015, 2016, and 2017 are subject to examination by the IRS, generally three years after they were filed.

J. Advertising and Marketing Costs

The Center expenses advertising and marketing costs as incurred. Advertising and marketing expense for the years ended June 30, 2017 and 2016 totaled \$10,196 and \$13,662, respectively.

K. 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 revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates made by management include the allowance for mortgage loan losses, the useful lives of property and equipment, the valuation of homes awaiting closing and the valuation of donated services and goods.

L. Inventories

Inventories consist of excess materials and materials donated to the Center to be used and sold to the general public through the Fuller Center Surplus Store. Inventories are stated at the lower of cost or market as determined on a first in first out basis.

(2) Concentrations of Credit Risk

Financial instruments that potentially subject the Center to concentrations of credit risk consist principally of temporary cash investments and accounts receivable.

(Continued)

The Fuller Center for Housing of  
Northwest Louisiana, Inc.  
Notes to Financial Statements  
June 30, 2017 and 2016  
(Continued)

Concentrations of credit risk with respect to accounts receivable are limited due to the receivables being small in nature and from several different entities and amounts due from governmental agencies under contractual terms. The Center maintains cash balances at financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$250,000 at financial institutions. The Center had no uninsured cash balances at June 30, 2017 and 2016.

(3) Mortgages Receivable

The Center sells homes to qualifying applicants. The resulting mortgages are non – interest bearing and the presentation of their book value has been discounted based upon the prevailing market rates for similar housing at the inception of the mortgages (estimated at 3% currently).

Sales to homeowners for the years ended June 30, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Gross sales to homeowners	\$ 473,759	\$ –
Less discount on sales to homeowners	( 114,686)	–
Net sales to homeowners	<u>\$ 359,073</u>	<u>\$ –</u>

Mortgages receivable at June 30, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Mortgages receivable at face value	\$ 1,655,056	\$ 1,383,929
Less unamortized discounts on mortgages	( 334,329)	( 275,854)
Mortgages receivable net	<u>\$ 1,320,727</u>	<u>\$ 1,108,075</u>

Future collections on these mortgages will be received over the next five years and thereafter as follows:

<u>Years Ended June 30</u>	<u>Amount</u>
2018	\$ 109,629
2019	109,629
2020	109,629
2021	109,629
2022	109,629
After June 30, 2022	1,106,911
Total	<u>\$ 1,655,056</u>

(4) Homes Awaiting Closing

Homes awaiting closing at June 30, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Homes awaiting closing, gross	\$ 834,344	\$ 969,343
Less accumulated depreciation	( 332,773)	( 339,054)
Homes awaiting closing, net	<u>\$ 501,571</u>	<u>\$ 630,289</u>

Depreciation expense for homes awaiting closing totaled \$42,780 and \$48,467, respectively for the years ended June 30, 2017 and 2016.

(Continued)

The Fuller Center for Housing of  
Northwest Louisiana, Inc.  
Notes to Financial Statements  
June 30, 2017 and 2016  
(Continued)

(5) Property and equipment

The major classifications of property and equipment as of June 30, 2017 and 2016 were as follows:

	2017	2016
Buildings and land	\$ 837,464	\$ 837,464
Furniture, fixtures and equipment	95,310	95,310
Vehicles	18,133	18,133
Less accumulated depreciation	( 145,533)	( 117,446)
 Property and equipment, net	 \$ 805,374	 \$ 833,461

Depreciation expense for property and equipment totaled \$28,087 and \$34,971, respectively for the years ended June 30, 2017 and 2016. Included in buildings and land are non depreciable assets of land of \$11,100 at June 30, 2017 and construction in progress of \$230,704 and land of \$11,100 at June 30, 2016. Included in property and equipment at June 30, 2017 are idle assets with a cost of \$355,753 related to the Fuller Grocery Store.

(6) Line of Credit

The Center maintains a revolving line of credit of \$205,000 with a financial institution dated October 8, 2016. Outstanding borrowing on the line of credit totaled \$68,678 and \$71,655 at June 30, 2017 and 2016, respectively. The line of credit has a one year renewal date. Interest rate for the line of credit was 4.75% at June 30, 2017 and 4.00% at June 30, 2016. The collateral for the line of credit is a collateral mortgage on real estate.

(7) Temporarily Restricted Net Assets

Temporarily restricted net assets are comprised of the following at June 30, 2017 and 2016:

Restricted Purpose	2017	2016
Building construction	\$ 91,289	\$ 9,367
Homeowners' Association	-	3,290
Closing costs	2,899	10,187
Greater blessing reconstruction projects	224	-
Total temporarily restricted net assets	 \$ 94,412	 \$ 22,844

(8) Concentrations of Credit Risk – Mortgage Loans

All of the center's mortgage loans are to low income individuals and are collateralized by real estate in Northwest Louisiana.

(Continued)

The Fuller Center for Housing of  
Northwest Louisiana, Inc  
Notes to Financial Statements  
June 30, 2017 and 2016  
(Continued)

(9) Subsequent Events

Subsequent events have been evaluated through December 14, 2017, the date the financial statements were available to be issued. No material subsequent events that require recognition or additional disclosure in these financial statements were noted.

(10) Endowment Account with Community Foundation of North Louisiana

The Center has entered into an agreement with the Community Foundation of Shreveport-Bossier (CFSB). The agreement establishes an Agency Endowment Fund at CFSB called "Millard Fuller Fund" (Fund). All property of the Fund belongs to CFSB. The fund will be used for support of the charitable purposes of The Center. Net income and capital appreciation of the Fund, as governed by CFSB's Spending Policy, will be paid and distributed to The Center at least annually, for as long as The Center is a Qualified Charitable Organization.

The fair market value of the fund at June 30, 2017 and 2016 was \$9,248 and \$8,561, respectively.

The Fuller Center for Housing of Northwest Louisiana, Inc.  
Schedule of Compensation, Benefits, and Other Payments to Agency Head  
For the Year Ended June 30, 2017

Agency Head: Lee A. Jeter, Sr., Executive Director

There were no payments made to Agency Head for the year ended June 30, 2017 from public funds.

# COOK & MOREHART

*Certified Public Accountants*

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA  
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA  
J. PRESTON DELAUNE, CPA

MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## **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***

### Independent Auditors' Report

To the Board of Directors  
The Fuller Center for Housing of  
Northwest Louisiana, Inc.  
Shreveport, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Fuller Center for Housing of Northwest Louisiana, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 14, 2017.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The Fuller Center for Housing of Northwest Louisiana, 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 The Fuller Center for Housing of Northwest Louisiana, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Fuller Center for Housing of Northwest Louisiana, 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.

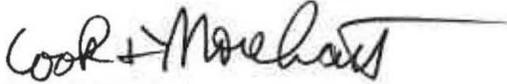
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 The Fuller Center for Housing of Northwest Louisiana, 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart  
Certified Public Accountants  
December 14, 2017

The Fuller Center for Housing of  
Northwest Louisiana, Inc  
Schedule For Louisiana Legislative Auditor  
June 30, 2017

**Summary Schedule of Prior Audit Findings**

There were no findings for the prior year audit for the year ended June 30, 2016.

**Current Year Audit Findings**

There are no findings for the current year audit for the year ended June 30, 2017.