

BAYOU CARE HOUSING, INC.

Annual Financial Report

WEST MONROE, LOUISIANA

DECEMBER 31, 2016 AND 2015

BAYOU CARE HOUSING, INC.
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2016 AND 2015

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June 26, 2017

Board of Directors
Bayou Care Housing, Inc.

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of Bayou Care Housing, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years 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 audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bayou Care Housing, Inc., as of December 31, 2016 and 2015, 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 opinions on the financial statements as a whole. The accompanying supplementary information consisting of the schedule of compensation, reimbursements, benefits and other payments to agency head on page 9 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits 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 *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2017, on our consideration of Bayou Care Housing'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering Bayou Care Housing's internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Monroe, Louisiana

BAYOU CARE HOUSING, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
<u>Current assets:</u>		
Cash and cash equivalents	7,075	14,241
Grants receivable	<u>23,518</u>	<u>19,873</u>
Total current assets	<u>30,593</u>	<u>34,114</u>
 Total assets	 <u>30,593</u>	 <u>34,114</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Current liabilities:</u>		
Accounts payable	-	189
Due to related entity	11,707	18,386
Accrued expenses	<u>2,520</u>	<u>2,831</u>
Total current liabilities	14,227	21,406
 <u>Net assets:</u>		
Unrestricted	<u>16,366</u>	<u>12,708</u>
Total net assets	<u>16,366</u>	<u>12,708</u>
 Total liabilities and net assets	 <u>30,593</u>	 <u>34,114</u>

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

BAYOU CARE HOUSING, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>Support and revenue:</u>		
Federal grant funding	116,900	117,920
Contributions	<u>196</u>	<u>394</u>
	117,096	118,314
<u>Expenses:</u>		
Salaries	52,581	51,970
Retirement	1,124	1,296
Insurance	4,731	7,741
Payroll taxes	4,081	4,147
Direct assistance:		
Housing	31,154	32,145
Utilities	5,811	6,309
Food	213	108
Insurance	1,966	1,966
Furnishings	1,460	1,332
Travel	1,071	1,148
Other	208	2,048
Telephone	938	1,402
Rent	4,200	4,200
Professional fees	2,800	4,750
Supplies	619	420
Office	<u>483</u>	<u>453</u>
Total expenses	<u>113,440</u>	<u>121,435</u>
<u>Change in net assets</u>	3,658	(3,121)
<u>Net assets, unrestricted at beginning of year</u>	<u>12,708</u>	<u>15,829</u>
<u>Net assets, unrestricted at end of year</u>	<u>16,366</u>	<u>12,708</u>

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

BAYOU CARE HOUSING, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	3,658	(3,121)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
<i>(Increase) decrease in:</i>		
Grants receivable	(3,645)	(10,944)
<i>Increase (decrease) in:</i>		
Accounts payable	(189)	189
Due to related party	(6,679)	8,554
Accrued expenses	<u>(311)</u>	<u>1,441</u>
Net cash (used) provided by operating activities	(7,166)	(3,881)
<u>Cash and cash equivalents, beginning of year</u>	<u>14,241</u>	<u>18,122</u>
<u>Cash and cash equivalents, end of year</u>	<u>7,075</u>	<u>14,241</u>

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

BAYOU CARE HOUSING, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

1. **Description of Organization**

Bayou Care Housing, Inc. (Bayou Care) was incorporated to provide housing opportunities for low-income persons living with HIV disease in order to prevent homelessness.

2. **Summary of Significant Accounting Policies**

The accounting policies of Bayou Care conform to generally accepted accounting principles as applicable to not-for-profit organizations. The more significant accounting policies of Bayou Care are described below:

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Basis of Presentation

The financial statements have been prepared on the accrual basis and, accordingly, reflect all significant receivables and payables.

FASB Accounting Standards Codification (ASC) Section 958-205 *Not-for-Profit Entities, Presentation of Financial Statements* establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. ASC section 958-605 *Not-for-Profit Entities, Revenue Recognition* requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. At December 31, 2016 and 2015, Bayou Care had no temporarily or permanently restricted net assets.

Cash and Cash Equivalents

Bayou Care Housing considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Grants Receivable

Grants receivable represent amounts that have been expensed for grant purposes and are expected to be reimbursed in full by the grantor. No allowance for doubtful accounts is considered necessary.

Compensated Absences

Employees of Bayou Care are entitled to paid vacations, sick days and other time off depending on job classification, length of service and other factors. Bayou Care does not accumulate vacation or sick time. The estimate for the amount of compensation for future absences is immaterial and, accordingly, no liability has been recorded in the accompanying financial statements. Bayou Care's policy is to recognize the costs of compensated absences when paid to employees.

3. Financial Instruments

Fair Values

Bayou Care's financial instruments consist of cash (restricted and unrestricted), receivables, accounts payable and other current liabilities. The carrying values of these instruments approximate their fair values.

Concentrations of Credit Risk

Bayou Care Housing maintains its cash balances in one local financial institution. The bank statement balance is \$9,062 as of December 31, 2016. Accounts at the financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Collateralization Policy

Bayou Care does not require collateral to support financial instruments subject to credit risk unless otherwise disclosed.

4. Income Taxes

Bayou Care is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code but must file an annual return with the Internal Revenue Service that contains information on its financial operations. Bayou Care is required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it continues to qualify as a tax exempt entity. It must also consider whether it has nexus in jurisdictions in which it has income and whether a tax return is required in those jurisdictions. In addition, as a tax exempt entity, Bayou Care must assess whether it has any tax positions associated with unrelated business income subject to income tax. Bayou Care does not expect any of these tax positions to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in Bayou Care's accounting records.

Bayou Care is required to file U.S. federal Form 990-EZ for informational purposes. Its federal income tax returns for the tax years 2013 and beyond remain subject to examination by the Internal Revenue Service.

5. Housing Expense

Bayou Care Housing is obligated under ten lease agreements for apartment rentals at December 31, 2016. Each lease agreement is a month to month agreement cancellable at any time. Housing expense for the years ended December 31, 2016 and 2015 was a net of \$31,154 and \$32,145, after client reimbursements of \$12,926 and \$11,310, respectively.

6. Disclosures about Concentrations

Bayou Care receives almost all of its support through federal government grant funding. The continued yearly renewal of these grants is vital to the continuation of the organization. During 2016 and 2015, Bayou Care received and expended \$116,900 and \$117,920, respectively, that was provided by the Department of Community Planning and Administration through the Office of Public Health – Housing Opportunities for Persons with AIDS.

7. Related Party Transactions

Bayou Care shares a building and staff with the Greater Ouachita Coalition Providing Aids Resources and Education (GoCare). Bayou Care paid GoCare \$4,200 for its share of rent in 2016 and 2015. Bayou Care owed Go Care \$11,707 and \$18,386 for net funds advanced at December 31, 2016 and 2015, respectively.

8. **Subsequent Events**

Subsequent events have been evaluated through June 26, 2017, which is the day the financial statements were available to be issued, and noted the following subsequent event.

Effective beginning with the grant period beginning April 1, 2017, Bayou Care no longer will provide transitional apartments, but will continue to provide rental assistance and will maintain two hotel rooms for use as emergency housing.

SUPPLEMENTARY INFORMATION

BAYOU CARE HOUSING, INC.

SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS,

AND OTHER PAYMENTS TO AGENCY HEAD

FOR THE YEAR ENDED DECEMBER 31, 2016

Agency Head: Richard Womack

Salary and expense account	\$15,131
Per diem allowance	-
Benefits-insurance	-
Benefits-retirement	-
Vehicle provided by government	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-

OTHER REPORTS

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June 26, 2017

Board of Directors
Bayou Care Housing, Inc.

**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***

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 Bayou Care Housing, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bayou Care Housing'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 Bayou Care Housing's internal control. Accordingly, we do not express an opinion on the effectiveness of Bayou Care Housing'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 organization'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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bayou Care Housing'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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heard, McElroy & Vestal, LLC

Monroe Louisiana

BAYOU CARE HOUSING, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2016

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Bayou Care Housing, Inc.
2. No material weaknesses or significant deficiencies in internal control, relating to the audit of the financial statements are reported.
3. No instances of noncompliance material to the financial statements of Bayou Care Housing, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. Bayou Care Housing, Inc. was not subject to a federal single audit for the year ended December 31, 2016.

B. Findings – Financial Statement Audit

None

C. Findings and Questioned Costs – Major Federal Award Programs

Not Applicable.

BAYOU CARE HOUSING, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2016

Findings – Financial Statement Audit

2015-1 -Time and Effort Support

Resolved in current year.