



LUTHER SPEIGHT & COMPANY, LLC

Certified Public Accountants and Consultants

PEOPLE'S COMMUNITY SUBSIDIARY, INC.
WESTWEGO, LA.

FINANCIAL STATEMENTS AND
INDEPENDENT ACCOUNTANTS' COMPILATION REPORT
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date OCT 01 2014

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Accountants' Compilation Report.....	1
Statement of Financial Position.....	2
Statement of Activities.....	3
Statement of Cash Flows.....	4
Statement of Functional Expenses.....	5
Notes to Financial Statements.....	6-10
Schedule of Findings and Questioned Cost.....	11
Schedule of Prior Year Audit Findings.....	12



LUTHER SPEIGHT & COMPANY, LLC

Certified Public Accountants and Consultants

(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
Peoples Community Subsidiary, Inc.

We have compiled the accompanying statement of financial position of Peoples Community Subsidiary, Inc. (a nonprofit corporation) as of December 31, 2013, and the related statements of activities and cashflows for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Luther Speight & Company CPAs
New Orleans, LA

August 20, 2014

PEOPLES COMMUNITY SUBSIDIARY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

ASSETS

Cash in banks	\$ 4,803
Construction in Progress	459,967
Cost of completed homes for sale	479,593
Land held for development	1,600,000
Capital Improvements	105,289
Deposits	10,000
Property & Equipment, net	<u>2,278</u>
Total Assets	<u>\$ 2,661,930</u>

LIABILITIES & NET ASSETS

Accounts Payables	\$ 300
Accrued Expenses	35,647
Construction Payables	29,680
Retainage Payables	25,060
Note Payable	<u>2,664,064</u>
Total Liabilities	2,754,751
Unrestricted Net Assets	
Net Assets, Deficit	<u>(92,821)</u>
Total Liabilities & Net Asset	<u>\$ 2,661,930</u>

See accompanying independent accountants' compilation report & Notes to the Financial Statements

PEOPLES COMMUNITY SUBSIDIARY, INC.
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2013

	Unrestricted	Temporarily Restricted	Total
REVENUES & SUPPORT			
Affordable housing sales	358,888		358,888
Grant revenue - affordable housing support		23,622	23,622
Administration & delivery	18,101		18,101
Development fees	33,215		33,215
Miscellaneous	19,064		19,064
Contribution, unrestricted	3,881		3,881
Releases from restrictions	23,622	(23,622)	-
Total Revenues	456,771	-	456,771
EXPENSES			
Program Services:			
Affordable housing program construction and other development cost	381,108	-	381,108
Support Services:			
Management and general services	133,167	-	133,167
Total Expenses	514,275	-	514,275
 Change in Net Assets	 (57,504)	 -	 (57,504)
Beginning Net Assets	(35,317)	-	(35,317)
Ending Net Assets	(92,821)	-	(92,821)

See accompanying independent accountants' compilation report Notes to the Financial Statements

PEOPLES COMMUNITY SUBSIDIARY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (57,504)
Adjustment to reconcile change in net assets cash provided by operating activities:	
Depreciation	2,255
Change in assets and liabilities:	
Decrease in contracts receivables	31,621
Decrease in retainage receivables	96,260
Increase in property in development	(422,231)
Decrease in unexpensed construction cost	145,407
Increase in property held for development	(1,645,290)
Increase in deposit in escrow	(10,000)
Decrease in bank overdraft	(5,739)
Increase in accrued expenses	(17,537)
Increase in construction payables	29,680
Decrease in retainage payables	<u>(54,015)</u>
Total cash provided by operations	<u>(1,907,093)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Leasehold improvement	<u>-</u>
Total cash from investing activities	<u>-</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Principle payments	(324,915)
Loan proceeds	<u>2,236,728</u>
Total cash from financing activities	<u>1,911,813</u>

Net increase in working capital	4,720
Cash or cash equivalents, beginning	<u>83</u>
Cash or cash equivalents, ending	<u>\$ 4,803</u>

PEOPLES COMMUNITY SUBSIDIARY, INC.
STATEMENT OF FUNCTIONAL EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Program Services						Total Program Services Expenditures	Management & General Services Expenditures	Total Functional Expenditures
	Anderson Place 3	Jefferson LAR 7	New Orleans East	Westwood Crossing	NRPP Plaquemine Rebuild	CHDO Home Operations			
Construction cost	\$ 175,023	\$ 58,341	\$ -	\$ -	\$ 28,758	\$ -	\$ 262,122	\$ -	\$ 262,122
Other development cost	1,119	2,596	-	-	412	-	4,127	-	4,127
Inspection fees	-	-	-	-	-	-	-	-	-
Interest	20,232	22,677	5,587	17,144	-	-	65,640	5,657	71,297
Insurance	768	6,129	-	-	-	-	6,897	5,086	11,983
Commissions	10,500	3,500	-	-	-	-	14,000	-	14,000
Taxes	-	-	-	-	-	-	-	-	-
Closing cost	6,459	1,962	-	-	-	-	8,421	-	8,421
Office lease	-	-	-	-	-	-	-	13,150	13,150
Utilities	2,379	750	-	-	-	-	3,129	2,483	5,612
Telephone & telecommunications	-	-	-	-	-	-	-	2,669	2,669
Office supplies	-	-	-	-	-	-	-	1,000	1,000
Repairs	-	-	-	-	-	-	-	-	-
Officers & Management Salaries	-	-	-	-	-	-	-	-	-
Computer web services	-	-	-	-	-	-	-	5,587	5,587
Executive director	-	-	-	-	-	-	-	62,940	62,940
Project manager	-	-	-	-	16,772	-	16,772	455	17,227
Housing specialist	-	-	-	-	-	-	-	1,939	1,939
Payroll Expenses	-	-	-	-	-	-	-	-	-
Legal & consulting	-	-	-	-	-	-	-	2,615	2,615
Accounting & auditing fees	-	-	-	-	-	-	-	19,650	19,650
Automobile expenses	-	-	-	-	-	-	-	1,430	1,430
Outreach & marketing activities	-	-	-	-	-	-	-	3,339	3,339
Travel & Entertainment	-	-	-	-	-	-	-	-	-
Meals	-	-	-	-	-	-	-	476	476
Bank service charges	-	-	-	-	-	-	-	1,043	1,043
Other business expenses	-	-	-	-	-	-	-	111	111
Contributions	-	-	-	-	-	-	-	993	993
Penalties	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	289	289
Total support services	216,480	95,955	5,587	17,144	45,942	-	381,108	130,912	512,020
Depreciation	-	-	-	-	-	-	-	2,255	2,255
Total functional expense	\$ 216,480	\$ 95,955	\$ 5,587	\$ 17,144	\$ 45,942	\$ -	\$ 381,108	\$ 133,167	\$ 514,275

See accompanying independent accountants' compilation report & Notes to the Financial Statements

PEOPLES COMMUNITY SUBSIDIARY, INC.
Notes to the Financial Statements
For The Year Ended December 31, 2013

Note 1: Organization and Purpose

Background

Peoples Community Subsidiary, Inc. (the "organization") is a non-profit corporation organized under the laws of the State of Louisiana. The purposes, for which the Organization is organized, are exclusively religious, charitable, scientific, literary, and educational within the meaning of Section 501(c) (3) of the internal revenue code of 1986, or the corresponding provisions of any future United States Internal Revenue Law. Currently, the Organization provides economic development and outreach services to the local community. In order to meet its program objectives, the Organization administers various programs and grants funded by city, state, federal and community organizations. The Organization is under the control of a seven-member Board of Directors and an Executive Director.

During the year ended December 31, 2013, Peoples Community Subsidiary, Inc. continued to oversee the following programs:

1. **Louisiana Housing Finance Agency (LHFA) Home Fund Program:**
These funds are provided for economic development of the community through new affordable housing construction and financing for low income qualifiers in the community.
2. **Louisiana Housing Finance Agency's Nonprofit Rebuilding Pilot Program (NRPP):**
Louisiana Housing Finance Agency's nonprofit's administrative cost & construction reimbursement pilot program. Grant reimburses certified nonprofit agencies' qualified administrative expenses and new construction of homes in Plaquemine Parish destroyed by Hurricane Katrina.
3. **Louisiana Housing Finance Agency's CHDO Operation Fund Program:**
Reimburses certified CHDO nonprofit agencies' qualified administrative, personnel and operation expenses.

PEOPLES COMMUNITY SUBSIDIARY, INC.
Notes to the Financial Statements
For The Year Ended December 31, 2013

Note 2: Summary of Significant Accounting Policies:

Principles of Accounting:

The financial statements of Peoples Community Subsidiary, Inc. are prepared in accordance with generally accepted accounting principles.

Fund Accounting

1. **General Fund**
The general fund is used to account for all activities and transactions not required to be accounted for separately.
2. **Restricted Funds**
Activities and transactions were funds are to be accounted for separately.
3. **Inter-Fund Activity:**
Represents transfers of funds from one program to another and are recorded as Due to and Due from Other Programs;

Income Taxes

Peoples Community Subsidiary, Inc. is a non-profit organization exempt from taxation under section 501 (c) (3) of the Internal Revenue Code.

Use of Estimates

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

PEOPLES COMMUNITY SUBSIDIARY, INC.
Notes to the Financial Statements
For The Year Ended December 31, 2013

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the company considers all highly-liquid debt instruments purchased with a maturity of three months or less are cash equivalents.

Note 3: Property and Equipment

Property and equipment consist of the following at December 31, 2013:

Leasehold Improvements	3,880
Office equipment	26,140
Furniture & fixtures	<u>1,372</u>
Total property & equipment	31,392
Accumulated depreciation	(29,114)
Property & Equipment, net	\$ <u>2,278</u>

Property and Equipment are recorded at cost. Maintenance and repairs are expensed as incurred; major repairs and improvements are capitalized. When items of property or equipment are sold, or retired the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Year to date depreciation expense as of December 31, 2013 was \$2,255. Depreciation is determined using the straight-line method for the estimated useful lives of the respective assets as follows:

Equipment; Straight-Line (5 years)
Vehicles; Straight Line (5 years)
Building improvements (1-5 years)
Office equipment; Straight Line (3-5 years)

PEOPLES COMMUNITY SUBSIDIARY, INC.
Notes to the Financial Statements
For The Year Ended December 31, 2013

Note 4: Cost of Completed Homes for Sale:

Completed Construction Projects:

Anderson Place 3

Peoples' Community Subsidiary, Inc. was contracted by Jefferson's Parish's Community Development (JPCD) and Louisiana Finance Agency (LHFA) to develop Anderson Place 3 housing development. The Anderson Place 3 development has six (6) three-bedroom two-bath one-story single family homes located in Anderson Place Subdivision in Marrero, Louisiana. The construction cost per unit was \$127,500 including land valued at \$32,000 for each unit. The total construction cost was \$957,000 plus soft cost approximating \$197,537.

Jefferson LAR 7

Peoples' Community Subsidiary, Inc. was contracted by Jefferson's Parish's Community Development (JPCD) and Louisiana Finance Agency (LHFA) to develop Jefferson LAR 7 housing development. The development which has six (6) three-bedroom two-bath one-story single family homes located in Lincolnshire sub-divisions in Jefferson, Louisiana and one (1) three-bedroom two-bath one-story single family homes located Westminster sub-division in Jefferson, Louisiana. The cost of each unit was \$130,000 totaling \$910,000 plus soft cost approximating \$197,625.

Construction Line of Credit

Peoples Community Subsidiary, Inc. procured a construction line of credit in the amount \$922,000 including interest at 6% from 1st NBC Bank. The loan proceeds were used for the Anderson Place 3 and Jefferson LAR 7 construction development. Construction of all thirteen (13) homes was completed as of December 31, 2013. Currently, three homes in the Anderson Place 3 subdivision and three homes in the Jefferson LAR 7 were sold as of December 31, 2013. Current balance as of December 31, 2013 is \$ 427,335.

PEOPLES COMMUNITY SUBSIDIARY, INC.
Notes to the Financial Statements
For The Year Ended December 31, 2013

NRPP's Plaquemine Rebuild Project.

Peoples' Community Subsidiary, Inc. was contracted by LHFA's Non-Profit Rebuild Pilot Program to rebuild six (6) homes devastated by Hurricane Katrina in Plaquemine Parish in Louisiana. The total construction cost to date of rebuilt homes is \$978,200. All homes were completed as of December 31, 2013.

Note 5: Land

Land purchased in 2013 by Peoples Community Subsidiary valued at \$1,600,000 for property on Lapalco Blvd. located in Marrero, Louisiana. The land will be used for a neighborhood development project titled Westwood Crossing Development project. The land was purchased with a Note Payable from First NBC. The current balance as of this Note Payable as of December 31, 2013 is \$1,764,592. Construction cost have not been incurred the property as of December 31, 2013. However, capital improvement cost have been incurred, see Note 6, Capital Improvements.

Note 6: Capital Improvements

Capital Improvements incurred in 2013 are soft cost for the Westwood Crossing Development project totaling \$105,289 for property on Lapalco Blvd. located in Marrero, Louisiana. Construction cost have not been incurred for the Westwood Crossing development project as of December 31, 2013.

Note 7: Construction in Progress

People Community is developing new construction on four homes throughout the Eastern New Orleans with incurred construction cost of \$459,967 as of December 31, 2013. Peoples has subsidized this cost with a Note Payable with Iberia Bank with a balance of \$364,974 as of December 31, 2013.

PEOPLES COMMUNITY SUBSIDIARY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COST
DECEMBER 31, 2013

CONDITION:

The organization did not submit its compiled financial statements to the Louisiana Legislative Auditor within six (6) months from the close of its fiscal year ended December 31, 2013.

CAUSE:

The organization engaged its independent auditor on a timely basis, however the books were not closed for the year and made available until early June 2014.

EFFECT:

The delayed closing of the Agency's financial records resulted in completion of fieldwork or report issuance beyond the statutory deadline.

CRITERIA:

Louisiana Revised Statutes 24:513 requires that agencies receiving governmental grant funds in excess of prescribed amounts submit the appropriate level of financial statements and reports to the Louisiana Legislative Auditor's office within six (6) months from the agency's year end.

RECOMMENDATION:

We recommend that the organization implement enhanced accounting procedures to assure that its general ledgers are closed and financial statements prepared on a timely basis and available for independent audit.

MANAGEMENT'S RESPONSE:

Peoples Subsidiary, Inc. will engage a certified public accounting firm with the adequate staffing resources available to better meet the needs of our Organization in terms of timely completion of our financial statements and coordinating with our independent auditor.

PEOPLES COMMUNITY SUBSIDIARY, INC.
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2013.

<u>FINDING NO.</u>	<u>FINDING DESCRIPTION</u>	<u>RESOLVED</u>	<u>UNRESOLVED</u>
2012-01	Segregation of Duties Not Adequate	X	
2012-02	File Maintenance Procedures Not Adequate	X	
2011-03	Independent Audit Not Completed Timely		X