

Housing Opportunities Extension, Inc.

Texarkana, Arkansas

HUD PROJECT NO. 082-EH140-NP-L8

REPORT ON AUDIT OF FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

For the Year Ended June 30, 2017

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HOUSING OPPORTUNITIES EXTENSION, INC.
Texarkana, Arkansas

HUD PROJECT NO. 082-EH140-NP-L8

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Housing Opportunities Extension, Inc. HUD Project No. 082-EH140-NP-L8

We have audited the accompanying financial statements of Housing Opportunities Extension, Inc. HUD Project No. 082-EH140-NP-L8 (a nonprofit organization), which comprise the statement of financial position as of June 30, 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 *Governmental 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 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 Housing Opportunities Extension, Inc. HUD Project No. 082-EH140-NP-L8 as of June 30, 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

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information, as listed in the preceding table of contents, 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 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 September 18, 2017 on our consideration of Housing Opportunities Extension, Inc. HUD Project No. 082-EH140-NP-L8's internal control over financial reporting and on our tests of 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 *Government Auditing Standards* in considering Housing Opportunities Extension, Inc. HUD Project No. 082-EH140-NP-L8's internal control over financial reporting and compliance.



SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants
Ada, Oklahoma

September 18, 2017

FINANCIAL STATEMENTS

HOUSING OPPORTUNITIES EXTENSION, INC.
Texarkana, Arkansas

HUD PROJECT NO. 082-EH140-NP-L8

STATEMENT OF FINANCIAL POSITION

June 30, 2017

ASSETS

Current Assets:		
Cash		\$ 17,310
Accounts Receivable - Tenants		0
Prepaid Expense		872
Total Current Assets		<u>18,182</u>
Fixed Assets:		
Land	\$ 16,263	
Buildings	322,315	
Building Equipment - Portable	11,656	
Office Furniture & Equipment	4,494	
Maintenance Equipment	1,602	
Miscellaneous Fixed Assets	9,784	
Total Fixed Assets	366,114	
Less: Accumulated Depreciation	(287,582)	
Net Fixed Assets		<u>78,532</u>
Other Non-Current Assets:		
Tenant Deposits Held In Trust	2,526	
Replacement Reserve	\$ 113,344	
Total Other Assets		<u>115,870</u>
TOTAL ASSETS		<u>\$ 212,584</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable		\$ 1,831
Accrued Expenses		7,494
Mortgage Payable - Current Portion		13,047
Total Current Liabilities		<u>22,372</u>
Other Non-Current Liabilities:		
Tenant Deposits Held In Trust		2,526
Total Other Non-Current Liabilities		<u>2,526</u>
Long-Term Liabilities:		
Mortgage Payable		172,236
Less Current Portion		(13,047)
Total Long-Term Liabilities		<u>159,189</u>
Total Liabilities		<u>184,087</u>
Unrestricted Net Assets		<u>28,497</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 212,584</u>

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

HOUSING OPPORTUNITIES EXTENSION, INC.
Texarkana, Arkansas

HUD PROJECT NO. 082-EH140-NP-L8

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2017

	<u>Unrestricted</u>
<u>REVENUES</u>	
Apartment Rentals	\$ <u>118,466</u>
Total Revenues	<u>118,466</u>
<u>EXPENSES</u>	
Administrative	42,364
Utilities	12,413
Operating and Maintenance	12,937
Taxes and Insurance	12,815
Interest	16,446
Depreciation	<u>9,357</u>
Total Expenses	<u>106,332</u>
Total Operating Income (Loss)	12,134
Interest Income	<u>450</u>
Change in Net Assets	12,584
Net Assets - Beginning of Year	<u>15,913</u>
NET ASSETS, END OF YEAR	<u>\$ <u>28,497</u></u>

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

HOUSING OPPORTUNITIES EXTENSION, INC.
Texarkana, Arkansas

HUD PROJECT NO. 082-EH140-NP-L8

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2017

Cash Flows From Operating Activities

Cash Received from:	
Rental Receipts	\$ 118,864
Interest Receipts	450
Cash Paid for:	
Administrative Expenses	(40,575)
Management Fees	(4,928)
Utilities	(12,831)
Operating and Maintenance	(12,714)
Taxes & Insurance	(12,809)
Tenant Security Deposits	(100)
Interest on Mortgage Note	(16,537)
Net Cash Provided (Used) by Operating Activities	<u>18,820</u>

Cash Flows From Investing Activities

Purchase of Fixed Assets	0
Deposits Into Restricted Cash	(2,610)
Net Cash Provided (Used) by Investing Activities	<u>(2,610)</u>

Cash Flows from Financing Activities

Mortgage Principal Payments	(11,898)
Net Cash Provided (Used) by Financing Activities	<u>(11,898)</u>

Net Increase (Decrease) in Cash	4,312
Cash - Beginning of Year	<u>12,998</u>
CASH - END OF YEAR	<u>\$ 17,310</u>

Additional Cash Flow Information:

Change in Net Assets	\$ 12,584
Adjustments to Reconcile Change in Net Assets to Net Cash Provided	
By Operating Activities:	
Depreciation	9,357
(Increase) Decrease in Accounts Receivable	398
(Increase) Decrease in Prepaid Expenses	6
(Increase) Decrease in Cash Restricted for Tenant Security Deposits	(300)
Increase (Decrease) in Accounts Payable	(3,873)
Increase (Decrease) in Accrued Expenses	539
Increase (Decrease) in Accrued Interest Payable	(91)
Increase (Decrease) in Tenant Security Deposits Held in Trust	<u>200</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 18,820</u>
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* The accompanying notes are an integral part of the financial statements.

HOUSING OPPORTUNITIES EXTENSION, INC.
Texarkana, Arkansas

HUD PROJECT NO. 082-EH140-NP-L8

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Housing Opportunities Extension, Inc. a non-profit organization, (the Project) is a 12 unit apartment Project for the elderly located in Texarkana, Arkansas. The Project is operated under Section 202 of the National Housing Act and regulated by the U. S. Department of Housing and Urban Development (HUD) with respect to rental charges and operating methods.

The Project also is subject to Housing Assistance Payments agreements with the U. S. Department of Housing and Urban Development (HUD), and a significant portion of the Project's rental income is received from HUD.

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

Income Tax Status – The Project and its non-profit corporate owner qualify as an organization exempt from income taxes under Section 501(c)(3) of the *Internal Revenue Code* and are subject to a tax on income from any unrelated business. The Project files form 990 in the U.S. federal jurisdiction. Federal income tax statutes stipulate returns filed in any of the previous three reporting periods remain open to examination. Currently, the Project has no open examinations with the Internal Revenue Service.

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,

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.

Cash Equivalents – For the statement of cash flows, all unrestricted investment instruments with original maturities of three months or less are considered cash equivalents. All balances were insured by the projects financial institution under FDIC provisions.

Property and Equipment – Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. All assets with a useful life exceeding two years, and a cost greater than \$500 are capitalized. Land buildings and equipment valued at cost totaled \$366,114, and depreciation for the year expensed on the Statement of Activities totaled \$9,357 for a balance of accumulated depreciation of \$287,582.

The building included in the statement of financial position is subject to a lien by HUD. Additionally, the project is subject to regulatory requirements as described in the following Note 2.

NOTE 2: MORTGAGE PAYABLE

The mortgage payable as of June 30, 2017, represents a permanent building loan provided by HUD. The balance due as of June 30, 2017 is \$172,236. The monthly installments for principal and interest are \$2,370 with a maturity date of May 2026. Interest is being charged at 9.25%. The mortgage note is secured by the apartment project.

HOUSING OPPORTUNITIES EXTENSION, INC.
Texarkana, Arkansas

HUD PROJECT NO. 082-EH140-NP-L8

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2017

NOTE 2: MORTGAGE PAYABLE, CONTINUED

Maturities of the mortgage note in each of the next five years and in the aggregate are as follows:

2018	\$ 13,047
2019	14,327
2020	15,668
2021	17,202
2022	18,863
Thereafter	<u>93,129</u>
TOTAL	<u>\$ 172,236</u>

Interest expense included in the statement of activities totaled \$16,446 for the year ended June 30, 2017.

The fair value of the mortgage payable is estimated, based on the current rates offered to the Project for debt of the same remaining maturities. At June 30, 2017, the fair value of the mortgage payable approximates the amounts recorded in the financial statements.

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, which approximate \$113,344 at June 30, 2017, are held in separate accounts and generally are not available for operating purposes.

NOTE 4: UNRESTRICTED NET ASSETS

None of the Project's net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as unrestricted net assets.

NOTE 5: RENT INCREASES

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

NOTE 6: MANAGEMENT FEE

The Project pays a management fee equal to 5% of gross revenues to Texarkana Special Education Center, Inc.

HOUSING OPPORTUNITIES EXTENSION, INC.
Texarkana, Arkansas

HUD PROJECT NO. 082-EH140-NP-L8

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2017

NOTE 7: 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 statements of activities.

NOTE 8: CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Project's operations are concentrated in the 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 9: RELATED PARTIES

A contract has been executed with Texarkana Special Education Center, Inc. (an entity related through common management) to provide management of the Project. A fee of 5% of gross collections received is charged under this contract. Total management costs for the year ended June 30, 2017 were \$5,467. Additionally, \$6,166 was payable to Texarkana Special Education Center, Inc. at June 30, 2017.

NOTE 10: SUBSEQUENT EVENTS

Management of the Project has evaluated subsequent events through September 18, 2017, which is the date the financial statements were available to be issued.

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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

Board of Directors

Housing Opportunities Extension, Inc. HUD Project No. 082-EH140-NP-L8

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 Housing Opportunities Extension, Inc. HUD Project No. 082-EH140-NP-L8 (a non-profit 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 September 18, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Housing Opportunities Extension, Inc. HUD Project No. 082-EH140-NP-L8'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 Housing Opportunities Extension, Inc. HUD Project No. 082-EH140-NP-L8's internal control. Accordingly, we do not express an opinion on the effectiveness of Housing Opportunities Extension, Inc. HUD Project No. 082-EH140-NP-L8'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 Housing Opportunities Extension, Inc. HUD Project No. 082-EH140-NP-L8'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 Housing Opportunities Extension, Inc. HUD Project No. 082-EH140-NP-L8's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Opportunities Extension, Inc. HUD Project No. 082-EH140-NP-L8's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants
Ada, Oklahoma

September 18, 2017

SUPPLEMENTAL INFORMATION

HOUSING OPPORTUNITIES EXTENSION, INC.
 Texarkana, Arkansas

HUD PROJECT NO. 082-EH140-NP-L8

STATEMENT OF FINANCIAL POSITION DATA

June 30, 2017

Account No.	<u>ASSETS</u>	
	Current Assets:	
1120	Cash	\$ 17,310
1130	Accounts Receivable - Tenants	0
1200	Prepaid Expenses	872
1100T	Total Current Assets	<u>18,182</u>
1191	Deposit Held in Trust - Tenant Security Deposit	<u>2,526</u>
	Restricted Deposits:	
1320	Reserve for Replacement	113,344
1300T	Total Deposits	<u>113,344</u>
	Fixed Assets:	
1410	Land	16,263
1420	Buildings	322,315
1440	Building Equipment - Portable	11,656
1465	Office Furniture and Equipment	4,494
1470	Maintenance Equipment	1,602
1490	Miscellaneous Fixed Assets	<u>9,784</u>
1400T	Total Fixed Assets	366,114
1495	Accumulated Depreciation	<u>287,582</u>
1400N	Net Fixed Assets	<u>78,532</u>
1000T	TOTAL ASSETS	<u>\$ 212,584</u>
	<u>LIABILITIES AND NET ASSETS</u>	
	Current Liabilities	
2110	Accounts Payable - Operations	\$ 1,831
2123	Accrued Management Fee Payable	6,166
2131	Accrued Interest Payable-Mortgage	1,328
2170	Current portion of mortgage payable	<u>13,047</u>
2122T	Total Current Liabilities	<u>22,372</u>
2191	Tenant Security Deposits	2,526
2320	Mortgage Payable, Less Current Portion	<u>159,189</u>
2000T	Total Liabilities	184,087
3131	Unrestricted Net Assets	<u>28,497</u>
2033T	TOTAL LIABILITIES & NET ASSETS	<u>\$ 212,584</u>

HOUSING OPPORTUNITIES EXTENSION, INC.
Texarkana, Arkansas

HUD PROJECT NO. 082-EH140-NP-L8

STATEMENT OF ACTIVITIES DATA

Year Ended June 30, 2017

Account No.		
	<u>REVENUES</u>	
5120	Rent revenue- gross potential	\$ 51,489
5121	Tenant assistance payments	66,977
5100T	Total Rent Revenue	<u>118,466</u>
5220	Vacancies-apartments	0
5152N	Net Rental Revenue (rent revenue less vacancies)	<u>118,466</u>
5410	Revenue from investments - project operations	12
5440	Revenue from investments - replacement reserves	438
5400T	Total Financial Revenue	<u>450</u>
5000T	TOTAL REVENUE	<u>118,916</u>
	<u>EXPENSES</u>	
6311	Office Expense	5,185
6320	Management Fee	5,467
6330	Manager or Superintendent Salaries	7,724
6331	Aministrative Rent Free Unit	9,111
6350	Audit Expense	9,529
6351	Bookkeeping Fees/Accounting Services	1,020
6390	Miscellaneous Administrative (staff training)	4,328
6263T	Total Administrative Expenses	<u>42,364</u>
6450	Electricity	6,526
6451	Water	4,874
6452	Gas	1,013
6400T	Total Utilities Expense	<u>12,413</u>
6510	Payroll	3,292
6515	Supplies	2,333
6520	Contracts	2,963
6546	Heating/Cooling Repairs and Maintenance	523
6590	Miscellaneous Operating and Maintenance Expense (Equipment Rent)	3,826
6500T	Total Operating and Maintenance Expenses	<u>12,937</u>

HOUSING OPPORTUNITIES EXTENSION, INC.
Texarkana, Arkansas

HUD PROJECT NO. 082-EH140-NP-L8

STATEMENT OF ACTIVITIES DATA

Year Ended June 30, 2017

Account No.		
6711	Payroll Taxes (Project's Share)	811
6720	Property & Liability Insurance (Hazard)	10,473
6722	Workmen's Compensation	222
6723	Health Insurance and Other Employee Benefits	<u>1,309</u>
6700T	Total Taxes and Insurance	<u>12,815</u>
6820	Interest on Mortgage Payable	<u>16,446</u>
6800T	Total Financial Expenses	<u>16,446</u>
6000T	Total Cost of Operations Before Depreciation	<u>96,975</u>
5060T	Change in Net Assets Before Depreciation	21,941
6600	Depreciation Expense	<u>9,357</u>
5060N	Operating Profit or (Loss)	<u>12,584</u>
3247	Change in Unrestricted Net Assets from Operations	<u>12,584</u>
3250	CHANGE IN TOTAL NET ASSETS FROM OPERATIONS	<u>\$ 12,584</u>
S1000-010	Total mortgage principal payments required during the year.	<u>\$ 11,898</u>
S1000-020	Total of 12 monthly deposits during the year into the replacement reserve account, as required by the regulatory agreement.	<u>\$ 2,025</u>
S1000-030	Replacement reserve or residual receipts releases which were included as expense items on this profit and loss statement.	<u>\$ 0</u>
S1000-040	Project improvement reserve releases under the flexible subsidy program that are included as expense items on this profit and loss statement.	<u>\$ 0</u>

HOUSING OPPORTUNITIES EXTENSION, INC.
Texarkana, Arkansas

HUD PROJECT NO. 082-EH140-NP-L8

FIXED ASSET AND DEPRECIATION SCHEDULE

For the Year Ended June 30, 2017

	Balance 06/30/16	Additions	Disposals	Balance 06/30/17
<u>ASSETS</u>				
Land	\$ 16,263	\$ 0	\$ 0	\$ 16,263
Buildings	322,315	0	0	322,315
Building Equipment - Portable	11,656	0	0	11,656
Office Furniture and Equipment	4,494	0	0	4,494
Maintenance Equipment	1,602	0	0	1,602
Miscellaneous Fixed Assets	9,784	0	0	9,784
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTALS ASSETS	\$ <u>366,114</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>366,114</u>
Accumulated Depreciation	\$ <u>278,225</u>	\$ <u>9,357</u>	\$ <u>0</u>	\$ <u>287,582</u>
NET FIXED ASSETS				\$ <u>78,532</u>

HOUSING OPPORTUNITIES EXTENSION, INC.
Texarkana, Arkansas

HUD PROJECT NO. 082-EH140-NPC-L8

SCHEDULE OF RESERVE FOR REPLACEMENTS

For the Year Ended June 30, 2017

RESERVE FOR REPLACEMENTS

Balance June 30, 2016	\$ 110,734
Required Monthly Reserve Deposits	2,025
Deposit of FYE June 30, 2016 Surplus Cash	148
Interest Earned	<u>437</u>
BALANCE JUNE 30, 2017	<u><u>\$ 113,344</u></u>

HOUSING OPPORTUNITIES EXTENSION, INC.
Texarkana, Arkansas

HUD PROJECT NO. 082-EH140-NPC-L8

COMPUTATION OF SURPLUS CASH - ANNUAL

For the Year Ended June 30, 2017

Cash	\$ 19,836
Current Obligations:	
Accounts Payable	1,831
Accrued Expenses	6,166
Accrued Mortgage Interest Payable	1,328
Tenant Security Deposits	<u>2,526</u>
Total Current Obligations	<u>11,851</u>
Surplus Cash (Deficiency)	\$ <u><u>7,985</u></u>

HOUSING OPPORTUNITIES EXTENSION, INC.
 Texarkana, Arkansas

HUD PROJECT NO. 082-EH140-NP-L8

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2017

<u>Federal Agency/Pass-Through Agency</u>	<u>CFDA Number</u>	<u>Grant (Identifying) Number</u>	<u>Expenditures</u>
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
202 Mortgage Note	14.157	082-EH140-NP-L8	\$ 184,134 **
Housing Assistance Payment Program	14.195	AR37T841036	<u>66,977</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u><u>251,111</u></u>

** Beginning Loan Balance
 Activity for the Year Ended June 30, 2017:
 Additions of \$0
 Principal payments of \$11,898
 Interest payments of \$16,446
 Ending balance \$172,236

HOUSING OPPORTUNITIES EXTENSION, INC.
Texarkana, Arkansas

HUD PROJECT NO. 082-EH140-NP-L8

STATUS OF PRIOR AUDIT FINDINGS

June 30, 2017

None Reported.

HOUSING OPPORTUNITIES EXTENSION, INC.
Texarkana, Arkansas

HUD PROJECT NO. 082-EH140-NP-L8

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2017

None reported.

HOUSING OPPORTUNITIES EXTENSION, INC.
Texarkana, Arkansas

HUD PROJECT NO. 082-EH140-NP-L8

PROJECT CERTIFICATION

For the Year Ended June 30, 2017

Federal ID Number 71-0606330

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

Housing Opportunities Extension, Inc.
Texarkana, Arkansas

Project Manager

President, Board of Directors

Treasurer, Board of Directors

Date

HOUSING OPPORTUNITIES EXTENSION, INC.
Texarkana, Arkansas

HUD PROJECT NO. 082-EH140-NP-L8

AUDITOR'S FEDERAL IDENTIFICATION NUMBER

June 30, 2017

SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants
P. O. Box 1406
Ada, OK 74820

#20-8209116

Lynn D. Saunders, CPA

HOUSING OPPORTUNITIES EXTENSION, INC.
Texarkana, Arkansas

HUD PROJECT NO. 082-EH140-NP-L8

MANAGEMENT AGENT'S CERTIFICATION

Federal ID Number 71-0606330

For the Year Ended June 30, 2017

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

Housing Opportunities Extension, Inc.
Texarkana, Arkansas

Project Manager