AUDUBON TRACE
CONDOMINIUM
ASSOCIATION, INC.

FINANCIAL STATEMENTS

Year Ended
June 30, 2021

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ROGER AND ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS, ACCOUNTANTS, TAX ADVISORS
3637 CANAL STREET
NEW ORLEANS, LA 70119-6145
504 486-5917
Fax 504 486-5971

JOSEPH L. CABALLERO, PA (1891-1965)
LAURENT J. ROGER, CPA (1909-1990)
BRYANT G. MILLER, CPA (1927-1973)
LAURENT J. (CHUCK) ROGER, II, CPA, MBA (1945-1999)
MATTHEW D. ROGER, CPA, CFF, MS – Tx, APAC*

DANIEL C. IMBORNONE, CPA**

MEMBERS
AMERICAN INSTITUTE OF CPAs
SOCIETY OF LOUISIANA CPAs
LOUISIANA ASSOCIATION OF BUSINESS AND INDUSTRY
*MEMBER
AICPA TAX SECTION
AICPA FORENSIC & VALUATION SERVICES SECTION
LABI TAXATION & FINANCE COUNCIL
LABI SMALL BUSINESS COUNCIL
**ASSOCIATE CONSULTANT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Audubon Trace Condominium Association, Inc.
Jefferson, Louisiana

Opinion

We have audited the accompanying financial statements of the Audubon Trace Condominium Association, Inc. ("the Association," a Louisiana nonprofit corporation common interest realty association), which comprise the Balance Sheet as of June 30, 2021, and the related Statement of Revenues, Expenses, and Changes in Fund Balance, and Statement of Cash Flows, for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Audubon Trace Condominium Association, Inc. as of June 30, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), with the following departure from U.S. GAAP.

As discussed in Note A(2)(e), U.S. GAAP require that capitalized assets be depreciated over their estimated economic useful lives, using primarily straight-line methods. The Association's Management has informed us that the Association has depreciated its capitalized assets based on Federal income tax cost recovery methods, primarily for cost-benefit considerations. Although the precise effect of this departure from U.S. GAAP on the accompanying financial statements has not been determined, such departure is immaterial to the financial statements taken as a whole.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Audubon Trace Condominium Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. GAAP, and for 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.

In preparing these financial statements, Management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Audubon Trace Condominium Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Audubon Trace Condominium Association, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Audubon Trace Condominium Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during our audit.

Omission of Required Supplementary Information About Future Major Repairs and Replacements

As discussed in Note C, Management has not estimated remaining estimated economic useful lives and corresponding replacement costs of the common property and, therefore, has not presented cost estimate information concerning required future major repairs and replacements, which U.S. GAAP require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

ROGER AND ASSOCIATES, LLC

New Orleans, Louisiana
October 18, 2023

AUDUBON TRACE CONDOMINIUM ASSOCIATION, INC.
BALANCE SHEET
June 30, 2021

	Operating Fund	Replacement & Reserve Fund	Operating & Reserve Funds
ASSETS			
Cash	$ 133,174	$ 1,005,072	$ 1,138,246
Dues receivable	-	-	-
Prepaid insurance	195,307	-	195,307
Property & equipment, net of accumulated depreciation	3,156	-	3,156
TOTAL ASSETS	$ 331,637	$ 1,005,072	$ 1,336,709
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	$ 6,000	$ -	6,000
Advance unearned assessments	25,658	-	25,658
TOTAL LIABILITIES	31,658	-	31,658
FUND BALANCE	299,979	1,005,072	1,305,051
TOTAL LIABILITIES AND FUND BALANCE	$ 331,637	$ 1,005,072	$ 1,336,709

See accompanying notes and independent auditor's report.

AUDUBON TRACE CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2021

	Operating Fund		Replacement & Reserve Fund	Operating & Reserve Funds	
	$	%		$	%
REVENUES					
Owners' dues	$ 969,927	91.3 %	$ 177,126	$ 1,147,053	92.5 %
Interest income	125	-	-	125	-
Other income	12,925	1.2	-	12,925	1.1
PPP loan forgiveness	79,685	7.5	-	79,685	6.4
TOTAL REVENUES	1,062,662	100.0	177,126	1,239,788	100.0
EXPENSES					
Wages & payroll taxes	331,076	31.2	-	331,076	26.7
Employee benefits	72,293	6.8	-	72,293	5.8
Administrative	33,404	3.1	-	33,404	2.7
Payroll processing	1,882	0.2	-	1,882	0.2
Insurance	342,010	32.2	-	342,010	27.6
Legal & professional	1,970	0.2	-	1,970	0.2
Miscellaneous expenses	9,171	0.9	-	9,171	0.7
Repairs & maintenance:					
Building	77,111	7.3	50,366	127,477	10.3
Driveways & streets	-	-	76,200	76,200	6.1
Grounds	111,176	10.5	9,381	120,557	9.7
Hurricane Zeta-related	-	-	18,713	18,713	1.5
Pool	6,565	0.6	-	6,565	0.5
Utilities	89,177	8.4	-	89,177	7.2
Depreciation	1,975	0.2	-	1,975	0.2
Automotive	2,706	0.3	-	2,706	0.2
Bad debts	-	-	-	-	-
TOTAL EXPENSES	1,080,516	101.9	154,660	1,235,176	99.6
(DEFICIT)/SURPLUS PRE-TAXES & TRANSFERS	(17,854)	(1.9) %	22,466	4,612	0.4 %
LESS: INCOME TAXES	-		-	-	
TRANSFERS FROM RESERVE TO OPERATING	73,084		(73,084)	-	
NET SURPLUS/(DEFICIT)	55,230		(50,618)	4,612	
BEGINNING FUND BALANCE	244,749		1,055,690	1,300,439	
ENDING FUND BALANCE	$ 299,979		$ 1,005,072	$ 1,305,051	

See accompanying notes and independent auditor's report.

AUDUBON TRACE CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021

	Operating Fund	Replacement & Reserve Fund	Operating & Reserve Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (deficit)	$ 55,230	$ (50,618)	$ 4,612
Adjustments to reconcile net (deficit) to net cash provided by operating activities:			
Depreciation	1,975	-	1,975
Decrease/(increase) in the following assets:			
Dues receivable	3,236	-	3,236
Prepaid insurance	(6,655)	-	(6,655)
Increase in the following liabilities:			
Accounts payable	-	-	-
Advance unearned assessments	25,658	-	25,658
NET CASH PROVIDED/(USED) BY OPERATIONS	79,444	(50,618)	28,826
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	-	-	-
NET CASH (USED) BY INVESTING ACTIVITES	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
PPP loan forgiveness	(79,685)	-	(79,685)
NET CASH PROVIDED BY FINANCING ACTIVITIES	(79,685)	-	(79,685)
NET (DECREASE) IN CASH	(241)	(50,618)	(50,859)
CASH AND CASH EQUIVALENTS - JULY 1, 2020	133,415	1,055,690	1,189,105
CASH AND CASH EQUIVALENTS - JUNE 30, 2021	$ 133,174	$ 1,005,072	$ 1,138,246
SUPPLEMENTAL DISCLOSURES			
Cash paid for interest	$ -	$ -	$ -
Cash paid for corporate income taxes	$ -	$ -	$ -

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Audubon Trace Condominium Association, Inc. (the Association) is presented to assist in understanding its financial statements. The financial statements and notes thereto are representations of the Association's Management, who is responsible for their integrity and objectivity. The accounting policies conform to United States generally accepted accounting principles (U.S. GAAP) and have been consistently applied in the preparation of the financial statements, with the exception of a departure discussed in Note (A)(2)(e) below.

1. Organization, History, & Business Activity

   The Association is a residential condominium common interest realty association (CIRA) incorporated June 27, 1984 under the Louisiana Nonprofit Corporation Law [1] to operate and maintain the common areas within the 237-unit development, such as the grounds, recreational facilities, and structural building components.

   The Association represents the owners of residential condominium units in the development property "Audubon Trace," located upriver from world-renowned Ochsner Medical Center in Jefferson, Louisiana.

2. Basis of Financial Presentation

   a. Fund Accounting

      The Association employs "fund accounting," which requires that operating funds and those designated for future major repairs and replacements be classified separately for financial statement reporting purposes. Disbursements from operating funds are generally made at the discretion of the Board of Directors and the Property Manager, who collectively develop, implement, and monitor the Association's annual operating budget. Disbursements from replacement and reserve funds are generally made for designated purposes only and are generally made in the nature of major repairs and replacements.

   b. Statement of Cash Flows

      Concerning the Statement of Cash Flows, the Association considers that all highly liquid debenture securities with maturities of six months or less are cash equivalents, along with cash in bank accounts.

[1] La. R.S., Title 12, Ch.2, Secs. 201-269.

c. Financial Instruments

The Association employs the following methods and assumptions to estimate the fair value of financial instruments:

i. Cash & cash equivalents: the carrying value approximates fair value because these instruments employ short maturities.

ii. Short-term receivables & payables: the carrying value approximates fair value because these instruments also employ short maturities.

d. Owner Dues

The Association's condominium unit owners are subject to monthly regular dues that provide funds for the Association's general operating expenses, future capital expenditures, and major repairs and replacements. The Association retains any dues unspent at year end to finance future years' operations.

Dues receivable at the Balance Sheet date represent amounts due from unit owners. The Association engages legal counsel and places liens on units whose owners are ninety days or more delinquent concerning their dues. Since the Board of Directors believes that the Association will ultimately prevail regarding the successful collection of delinquent dues, no allowance for uncollectible dues is included on the Association's Balance Sheet.

Effective July 1, 2013, dues include a portion to fund capital reserves.

e. Capitalized Assets & Depreciation

Property acquired from the developer, including any and all related improvements thereto, is not reflected on the Association's Balance Sheet because those assets are owned in common by the individual unit owners.

The Association has capitalized (at cost) a common area administrative building and other tangible personal property to which it has lawful title. The Association depreciates these capitalized assets using Federal straight-line and modified accelerated cost recovery system (MACRS) income tax cost recovery methods, over their particular cost recovery periods, which range from five (5) to thirty-one and one-half (31.5) years.

U.S. GAAP require that capitalized assets be depreciated over their estimated economic useful lives, generally via straight-line methods. The Association's departure from depreciating its capitalized assets in accordance with U.S. GAAP is immaterial to its financial statements.

The caption entitled "Property & equipment, net of accumulated depreciation" on the Association's Balance Sheet, consists of the following as of June 30, 2021:

Building & Improvements	$ 62,511
Equipment	17,166
	79,677
Less: Accumulated Depreciation	(76,521)
Total	$ 3,156

Depreciation expense for the year ended June 30, 2021, was $1,975.

f. Corporate Income Taxes

The Association is afforded an annual option either to be taxed as a regular "C" corporation or to elect under Internal Revenue Code (IRC) Section (Sec.) 528 to be taxed as a "Homeowners Association." Pursuant with any such IRC Sec. 528 election, the Association would be taxed only on "nonexempt function" net taxable income (i.e., interest income net of attributable expenses), at a flat rate of 30%. The Association's "exempt (non-taxable) function" income consists of dues [see Note A(2)(d) above] and miscellaneous related income. The Association has opted not to make a valid IRC Sec. 528 election for the year ended June 30, 2021, and accordingly was taxed as a regular "C" corporation. Due to certain credits, there is no provision for Federal or Louisiana corporate income tax.

For calendar tax years 1987 et seq., "a homeowners association" as defined under Federal corporate income tax statutes, is taxed on its Louisiana corporate taxable income under the Louisiana Corporation Income Tax Law.[2] The Louisiana Corporation Income Tax Law requires that Louisiana corporate taxable income be based upon corporate taxable income as reported for Federal corporate income tax purposes and contains net operating loss provisions identical to those of Federal corporate income tax statutes.

[2] 1950 La. R.S., Title 47, Subtitle II, Ch. 1 incl. Sub-Part D, "Exempt Organizations," and Sec. 287.528, "Homeowners Associations,: as amended by Act 16, Laws 1986, First Special Section, Part II-A, "Louisiana Corporation Income Tax."

For calendar tax years 1986 and prior,[3] homeowners associations were not subject to any Louisiana corporate income taxes whatsoever.

g. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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.

NOTE B – SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

Concentration of Cash and Cash Equivalents (Including Uninsured Balances)

The Association has concentrated its credit risk for cash and cash equivalents by maintaining deposits in a publicly traded financial institution headquartered in Gulfport, Mississippi. As of June 30, 2021, no loss would have resulted from that risk because its deposits were below the Federal Deposit Insurance Corporation (FDIC) threshold.

NOTE C – FUTURE MAJOR REPAIRS & REPLACEMENTS

The Association requires that funds be accumulated for future major repairs, replacement, and contingencies in separate, interest-bearing savings accounts that generally do not finance recurring operations.

The Association has not conducted a formal study to determine the remaining useful lives of the development's common property. Such a formal study would consequently determine a current cost estimate for future major repairs and replacements. Accordingly, the Board has not developed a comprehensive plan to fund any such future capital needs. In the event that funds are required to meet future major repair and replacement needs, the Association can increase regular dues, levy special dues, or delay major repairs and replacements until adequate funds are available.

NOTE D – CONTINGENCIES: LAWSUITS & INSURANCE DEDUCTIBLE

As of October 18, 2023, the Association had settled certain litigation concerning ongoing forced collection matters with respect to a certain owner whose delinquent dues had put her account in "lien status" (see Note A(2)(d) above), which was still pending as of June 30, 2021. The Association did not accrue, nor did it incur, a contingent liability applicable thereto.

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[3] Prior law provisions of 1950 La. R.S., Title 47, Subtitle II, Ch. 1, Part II, "Supplemental Provisions"; Sub-Part A, "Exception of Certain Corporation:; Sec. 121, "Exceptions from Tax on Corporations"; and Sub-Section (8), "Clubs organized and operated exclusively for pleasure, recreation, and other non-profitable purposes… ."

Also as of October 18, 2023, the Association has settled a lawsuit involving a former Board member that had initiated subsequent to June 30, 2021 concerning certain corporate governance policies and procedures. The Association did not accrue, nor did it incur, a contingent liability applicable thereto.

Ever since Hurricane Katrina, the Association has carried a significant "wind and hail/named storm/hurricane" insurance deductible, which is currently pegged at approximately $1,850,000 (or 5% of total replacement cost coverage). In the event that the Association sustains catastrophic wind and hail/named storm/hurricane damage subject to this deductible, the Association could experience a capital shortfall to cover such damage. The Association could levy special dues from its unit owners as well as seek long-term debt financing (such as a U.S. Small Business Administration disaster loan) to make up for any shortfall. The Association's capital position includes a combination of operating and reserve funds.

Because it is virtually impossible to pinpoint when, if ever, the Association would sustain catastrophic wind and hail/named storm/hurricane damage, the Association has not accrued a contingent liability for any anticipated shortfall with respect to its insurance deductible.

NOTE E – COVID-19 PUBLIC HEALTH EMERGENCY

Impacts of the COVID-19 public health emergency on the Association have been manageable. The Association's award of payroll protection program (PPP) forgivable loan proceeds totaling $79,685 during June 2020 has helped to mitigate such impacts. By June 30, 2021, this loan was fully forgiven.

NOTE F – SUBSEQUENT EVENTS

As of and through October 18, 2023, no events have occurred subsequent to June 30, 2021 that would require adjustment to, or disclosure in, the Association's financial statements or notes thereto other than what the Association has disclosed in Note D regarding lawsuits and its significant "wind and hail/named storm/hurricane" insurance deductible.